

# Annual Comprehensive Financial Report



# INDEPENDENCE

★ MISSOURI ★

A GREAT AMERICAN STORY

For the Fiscal Year Ended

June 30, 2022

**CITY OF INDEPENDENCE, MISSOURI**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



**Mayor**  
Rory Rowland

**City Council**

John Perkins	District #1
Brice Stewart	District #2
Michael Steinmeyer	District #3
Dan Hobart	District #4
Bridget McCandless	At-large
Jared Fears	At-large

**City Manager**

Zachary Walker

*Prepared by the Department of Finance*

*Cindy Gray, Director of Finance*

*Nancy Cooper, Special Projects & Reporting Manager*

# CITY OF INDEPENDENCE, MISSOURI

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**Citizens of Independence**

**Mayor & City Council**

Management  
Analyst

Municipal Court

Boards &  
Commissions

City Clerk

**City Manager**  
Zach Walker

**Deputy City Manager**  
Adam Norris

Municipal  
Services

Health &  
Animal Services

Finance &  
Administration

Fire

Public Utilities

Community  
Development

Parks,  
Recreation &  
Tourism

Police



December 20, 2022

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

The Finance Department is pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2022. 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 RubinBrown, 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, 2022 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, 2022, 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 included in the section labeled as Single Audit Report at the end of this report.

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

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

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

### **Profile of the City**

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence has a rich history as The Queen City of the Trails and former home of Harry S. Truman, 33rd President of the United States. Independence is the fifth largest city in Missouri with an estimated population of 122,083.

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

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

The City of Independence is home to Lake City Army Ammunition Plant, the largest small-caliber ammunition manufacturing plant in the world. Lake City is one of the largest employers in Independence and encompasses 458 buildings on 3,935 acres. Independence is home to the Harry S. Truman Presidential Museum & Library, one of only fifteen 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 including police and fire protection, public works services, public health services, parks and recreation facilities, general administrative services, and a trails history museum. The City also provides electric, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

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

The annual budget serves as the foundation for the City of Independence's financial planning and control. The appropriated budget is prepared by fund, function (e.g. public safety), and department (police). Department heads may make transfers of appropriations within their department. Transfers of appropriations between departments, however, require approval of the City Council. Budget-to-actual comparisons for the General and Special Revenue Funds are required and included in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The Special Revenue Funds include the Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvements Sales Tax, Parks Improvements Sales Tax, Storm Water Sales Tax, Police Public Safety Sales Tax, Fire Protection Sales Tax, Grants, American Rescue Plan Act, Animal Services Use Tax, Police Use Tax, Health Property Tax Levy, and Parks and Recreation Property Tax Levy funds.

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, 2022, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

### **Local economy**

The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21<sup>st</sup> Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the Cable Dahmer 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 separate community ice rink. The Arena opened in November 2009, providing approximately 120 new jobs. The Cable Dahmer Arena is home to the Central Hockey League franchise the Kansas City Mavericks and Major Indoor Soccer League the Comets. The Kansas City Mavericks have a signed contract, with the Arena, that expires in 2024 and the Comets contract expires in April 2025.

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

<b>Year</b>	<b>City Unemployment Rate</b>	<b>Jackson County Unemployment Rate</b>	<b>Statewide Unemployment Rate</b>
2022*	2.9%	2.7%	2.3%
2021	6.4%	5.5%	4.4%
2020	8.0%	7.1%	6.1%
2019	4.0%	3.7%	3.3%
2018	4.1%	3.7%	3.2%

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

\*Average estimated thru June 2022.

### **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 2022-23 includes projects totaling an estimated \$27.2 million for capital projects. In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. Many of the streets improvements, parks improvements and storm water projects are funded by the voter approved street, parks, and storm water sales taxes.

### **Relevant financial policies**

Effective July 1, 2017, the City’s financial policy to maintain an unassigned fund balance level in the General Fund increased from 5.0% to 16.0% of annual revenues and transfers from utilities for payments in lieu of taxes (PILOTS). At the close of the 2021-22 fiscal year, the unassigned fund balance in the General Fund was 8.2% of the General Fund revenues and utility PILOTS. This is an increase of 0.4% from the 2020-21 amount of 7.8%.

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

### **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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized annual comprehensive 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 ACFR continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Cindy Gray". The signature is written in black ink on a white background.

Cindy Gray  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Independence  
Missouri**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

## Independent Auditors' Report

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

### Report On The Audit Of The Financial Statements

#### *Opinions*

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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 as of June 30, 2022, 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 (GAAP).

We did not audit the financial statements of Cable Dahmer Arena (Arena), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. This activity represents 1.9 percent and 50.7 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.2 percent and 4.4 percent of the business-type activities. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arena, is based solely on the report of the other auditor.

### ***Basis For Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. The financial statements of the Arena were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis Of Matter***

As discussed in Note 1 to the financial statements, the City implemented the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities Of Management For The Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

GAAP requires that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the Pension and Other Post Employments Benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, budgetary comparison schedules listed as exhibits 18 through 31 and other schedules listed as exhibits 43 through 47 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RubinBrown LLP*

December 20, 2022

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**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2022**

This section of the City of Independence's Annual Comprehensive Financial Report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**Financial Highlights**

The City's total net position increased \$44.4 million to a total of \$423.3 million. The City's governmental activities had an increase of \$22.1 million and the business-type activities had an increase of \$22.3 million. The increase in governmental activities is mostly due to the increase in the City's net pension liability of \$18.5 million offset by a decrease to the Other Post-Employment Benefits (OPEB) liability of \$38.5 million. The increase in business-type activities was the result of an increase of the net pension liability of \$5.8 million offset by a decrease to the OPEB liability of \$17.9 million. The outstanding debt obligations for the business-type funds decreased by \$12.3 million mainly due to refunding debt issued during the year for the Power and Light, Sanitary Sewer, and Events Center funds.

Sales and use tax revenue increased by \$7.5 million or 12.6%. Sales tax and transient guest tax revenue made up about \$6.4 million of the increase. The remainder of the increase was due to the City's use tax for on-line sales of goods delivered within the City.

Total charges for services for the City increased \$17.4 million or 8.1%, with the business-type activities increasing \$15.7 million or 7.9% and the governmental funds increasing by \$1.7 million or 10.8%. The increase for the business-type activities is primarily due to Power and Light's operating revenue increase to fuel charge adjustments, increases in inter-municipal sales, and weather conditions. The business-type funds revenues also increased due to the Cable Dahmer Arena resuming normal operations following the COVID pandemic shut down. The increase for the governmental funds is also due to facilities re-opening and resuming normal activities that had been shut down due to the COVID pandemic.

**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 government-wide financial statements (Statement of Net Position and Statement of Activities) provide both long-term and short-term information about the City's overall financial status.
- The fund financial statements focus on individual segments of the City's operations and report in more detail than the government-wide statements:
  - The governmental funds statements detail how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending. The focus of these reports is to show the ability of the City to provide governmental services with current resources.
  - Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like a business, such as the Power and Light system, Water system, Sanitary Sewer system, and the Cable Dahmer Arena. The focus of these reports is to show the economic resources, or value, of these operations.
  - Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors' Travel Fund, and Flexible Benefit Plan Fund.

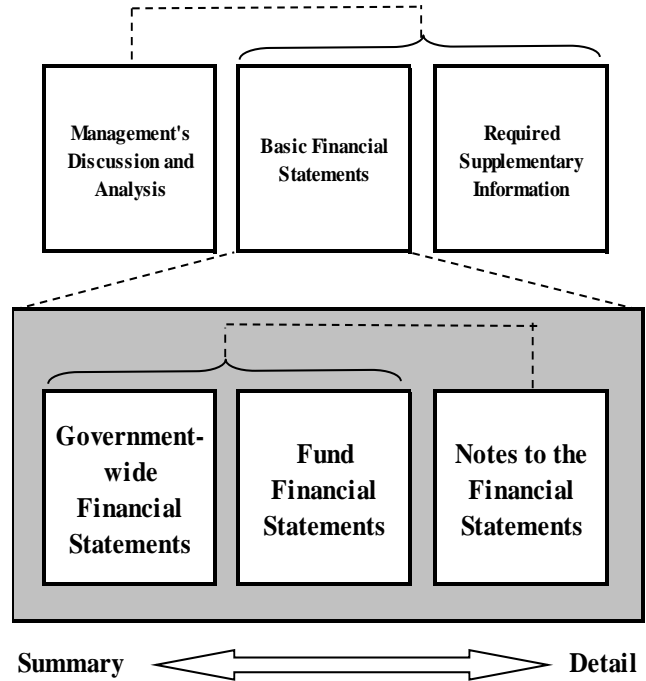
**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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 segment of the City government covered and the types of information contained within the report. The remainder of this section explains the structure and content of each of the statements.

**Figure MD-1**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Required Components of the Annual Financial Report**



**Figure MD-2**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	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, such as: electric, water, sanitary sewer, and the Events Center	Instances in which the City is the trustee or agent for someone else's resources
<b>Required financial statements</b>	* 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
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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 could if applicable
<b>Type of inflow/outflow information</b>	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**  
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**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 it has changed during the year. 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 should be considered, such as changes in the City's property tax base or the condition of the City's roads.

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

- Governmental activities – Most of the City's basic services are included here, such as the police, fire, municipal services, and parks departments, as well as general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to provide certain services. 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, and do not represent 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/or bond covenants.

The Council establishes other funds to control and manage money for particular purposes or to show proper use of 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 a reconciliation for the governmental funds statement, on a subsequent page that explains the relationship (or differences) between the fund statement and the government-wide statement.

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

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

**Net Position**

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

**Table MD-1**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 133,370,066	135,977,540	205,856,491	208,760,039	339,226,557	344,737,579
Capital assets	300,746,329	311,357,999	530,510,623	532,785,540	831,256,952	844,143,539
<b>Total assets</b>	<u>434,116,395</u>	<u>447,335,539</u>	<u>736,367,114</u>	<u>741,545,579</u>	<u>1,170,483,509</u>	<u>1,188,881,118</u>
Total deferred outflows of resources	37,266,766	39,270,287	31,436,700	32,304,874	68,703,466	71,575,161
Long-term obligations	285,766,305	321,441,590	398,215,341	422,780,816	683,981,646	744,222,406
Other liabilities	21,146,341	22,820,173	18,255,002	16,974,309	39,401,343	39,794,482
<b>Total liabilities</b>	<u>306,912,646</u>	<u>344,261,763</u>	<u>416,470,343</u>	<u>439,755,125</u>	<u>723,382,989</u>	<u>784,016,888</u>
Total deferred inflows of resources	66,484,294	66,424,445	26,063,123	31,155,991	92,547,417	97,580,436
Net position						
Net investment in capital assets	292,315,112	309,489,295	225,938,690	222,514,950	518,253,802	532,004,245
Restricted	40,260,773	24,490,689	16,435,396	25,448,806	56,696,169	49,939,495
Unrestricted (deficit)	(234,589,664)	(258,060,366)	82,896,262	54,975,581	(151,693,402)	(203,084,785)
<b>Total net position</b>	<u>\$ 97,986,221</u>	<u>75,919,618</u>	<u>325,270,348</u>	<u>302,939,337</u>	<u>423,256,569</u>	<u>378,858,955</u>

The City's combined net position increased \$44.4 million to \$423.3 million from \$378.9 million.

Net position of the City's governmental activities increased 29.1% to \$98.0 million. Governmental assets decreased \$13.2 million and liabilities decreased \$37.3 million. Long-term obligations for governmental activities decreased \$35.7 million. These changes were mainly due to shifts in amounts determined by an actuary for the LAGERS net pension liability and other post-employment benefits (OPEB) liability.

Business-type activities assets decreased \$5.2 million and liabilities decreased \$23.3 million. Long-term obligations for business-type activities decreased \$24.6 million. The business-type activities also were affected in the same way by the shifts in the LAGERS net pension liability and OPEB liability. The business-type funds also issued refunding debt for the Power and Light, Sanitary Sewer, and Events Center funds.

The City's total unrestricted net position (deficit) was (\$151.7) million. The governmental activities were (\$234.6) million with an increase of \$23.5 million from the previous year, and business-type activities were \$82.9 million with an increase of \$27.9 million from the previous year. The City's total net investment in capital assets was \$518.3 million, a decrease of \$13.8 million from the previous year.

**CITY OF INDEPENDENCE, MISSOURI**  
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**Change In Net Position**

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

**Table MD-2**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 17,390,436	15,693,306	215,481,565	199,761,314	232,872,001	215,454,620
Operating grants & contributions	21,098,815	18,379,425	—	—	21,098,815	18,379,425
Capital grants & contributions	229,348	389,936	16,858	151,769	246,206	541,705
General revenues						
Property taxes	9,088,287	9,684,246	—	—	9,088,287	9,684,246
Sales & use taxes	58,149,550	51,500,218	8,876,336	8,024,737	67,025,886	59,524,955
Intergovernmental activity taxes	12,370,738	13,724,099	—	—	12,370,738	13,724,099
Other taxes	8,222,106	7,397,165	—	—	8,222,106	7,397,165
Investment income (loss)	(999,657)	572,681	(3,126,574)	28,950	(4,126,231)	601,631
Other	1,781,900	1,467,868	3,572,981	(11,126)	5,354,881	1,456,742
<b>Total revenues</b>	<u>127,331,523</u>	<u>118,808,944</u>	<u>224,821,166</u>	<u>207,955,644</u>	<u>352,152,689</u>	<u>326,764,588</u>
<b>Expenses</b>						
Administrative Services	7,504,588	8,846,826	—	—	7,504,588	8,846,826
Public Safety	63,738,835	60,111,785	—	—	63,738,835	60,111,785
Municipal Services	20,839,417	18,666,752	—	—	20,839,417	18,666,752
Health & Animal Services	2,170,360	2,052,328	—	—	2,170,360	2,052,328
Culture & Recreation	8,759,163	9,121,110	—	—	8,759,163	9,121,110
Community Development	6,240,454	6,019,417	—	—	6,240,454	6,019,417
Storm Water	3,538,060	3,764,430	—	—	3,538,060	3,764,430
General Government	992,854	4,349,995	—	—	992,854	4,349,995
Tax Increment Financing	11,146,839	10,611,180	—	—	11,146,839	10,611,180
Interest	541,914	778,438	—	—	541,914	778,438
Power and Light	—	—	116,113,226	120,251,808	116,113,226	120,251,808
Water	—	—	22,529,358	23,866,752	22,529,358	23,866,752
Sanitary Sewer	—	—	26,942,461	26,149,731	26,942,461	26,149,731
Events Center	—	—	16,697,546	9,732,396	16,697,546	9,732,396
<b>Total expenses</b>	<u>125,472,484</u>	<u>124,322,261</u>	<u>182,282,591</u>	<u>180,000,687</u>	<u>307,755,075</u>	<u>304,322,948</u>
Excess (deficiency) of revenues over expenses before transfers	1,859,039	(5,513,317)	42,538,575	27,954,957	44,397,614	22,441,640
Transfers - In (Out)	20,207,564	19,245,236	(20,207,564)	(19,245,236)	—	—
Special item - electric rebate	—	—	—	(11,196,400)	—	(11,196,400)
<b>Change in net position</b>	<u>22,066,603</u>	<u>13,731,919</u>	<u>22,331,011</u>	<u>(2,486,679)</u>	<u>44,397,614</u>	<u>11,245,240</u>
Net position - beginning	75,919,618	62,187,699	302,939,337	305,426,016	378,858,955	367,613,715
Net position - ending	<u>\$ 97,986,221</u>	<u>75,919,618</u>	<u>325,270,348</u>	<u>302,939,337</u>	<u>423,256,569</u>	<u>378,858,955</u>

Total revenues increased 7.8% or \$25.4 million, with business-type activities increasing 8.1% or \$16.9 million, and governmental revenues increasing 7.2% or \$8.5 million. These changes are due primarily to the following:

- Significant items include the increase in sales and use tax revenue of 12.6% or \$7.5 million. Sales tax was minimally impacted by the COVID pandemic, but continues to be impacted by on-line sales versus brick and mortar retail. The City's transient guest tax is included under the sales tax category, and had an increase of \$794,569 from prior year.
- Governmental revenues also increased under the operating grants and contributions due to funding from the American Rescue Plan Act (ARPA) along with other COVID related grants.
- Total charges for services for the City increased \$17.4 million or 8.1%, with the business-type activities increasing \$15.7 million or 7.9% and the governmental fund activities increasing by \$1.7 million or 10.8%. The increase for the business-type activities is due to Power and Light's operating revenue increase to fuel charge adjustments, increases in inter-municipal sales, and weather conditions. The business-type funds revenues also increased due to the Cable Dahmer Arena resuming normal operations

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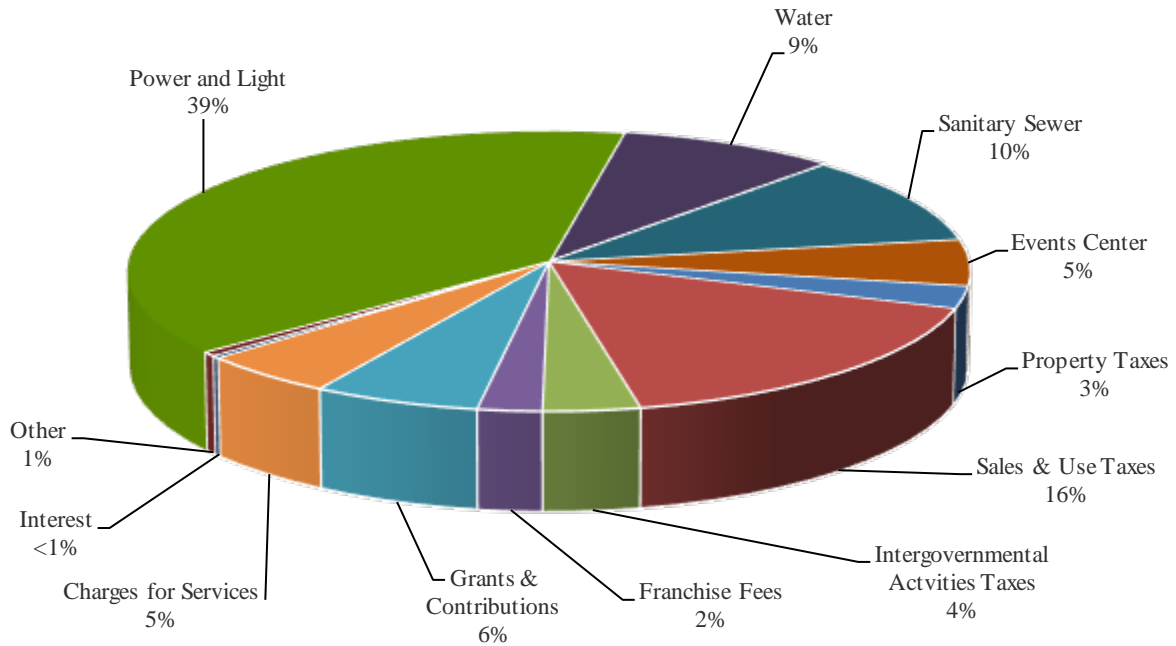
following the COVID pandemic shut down. The increase for the governmental funds is also due to facilities re-opening and resuming normal activities that had been shut down due to the COVID pandemic. The governmental charges for services remain less than they were prior to the pandemic in fiscal year 2019.

Total expenses increased 1.1% or \$3.4 million, with an increase to governmental expenses of 0.9% or \$1.2 million and an increase to business-type expenses of 1.3% or \$2.3 million. Changes in the business-type expenses are attributed to normal operations; some of the changes are related to the effect of weather on Power and Light and Water sales. The transfers out of the business-type activities to the governmental activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

**Revenues**

For the fiscal year ending June 30, 2022 revenues totaled \$352.2 million. Of this amount, charges for services (governmental and business-type) were \$232.9 million or 66.1% of the total. Revenue from business-type activities represents \$224.8 million or 63.8% of the total City revenues (Figure MD-3).

**City of Independence Sources of Revenue for FY 2022**  
**Figure MD-3**



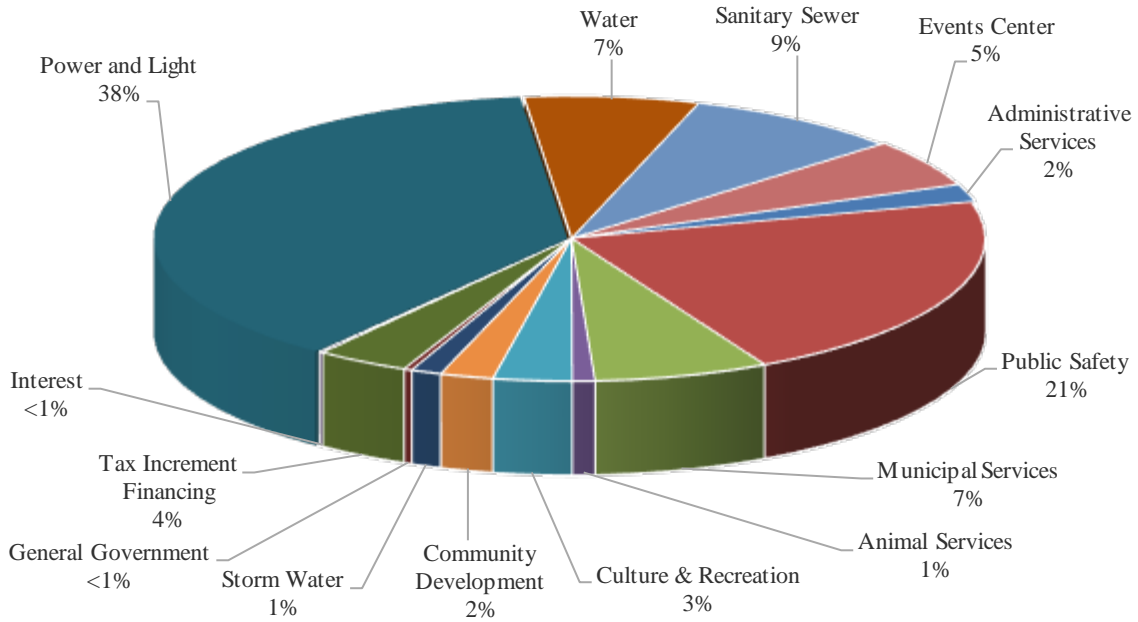
Revenues from governmental activities were \$127.3 million. Sales and use taxes, the largest governmental category, were \$58.1 million or 45.7%. All taxes represent \$87.8 million or 69.0% of governmental revenue. Charges for services at \$17.4 million were 13.7% of the total. Operating and capital grants were \$21.3 million or 16.8% of governmental revenues.

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**Expenses**

For the fiscal year ending June 30, 2022, expenses totaled \$307.8 million. Of this amount, the Power and Light fund was \$116.1 million or 37.7% of the total. Business-type expenses represent \$182.3 million or 59.2% of the total City expenses (Figure MD-4).

**City of Independence Function Expenses FY 2022**  
**Figure MD-4**



Expenses from governmental activities were \$125.5 million. Public safety expenses, the largest governmental category, were \$63.7 million or 50.8% of the total. Municipal Services is the next largest category at \$20.8 million, which is 16.6% of the total.

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**Governmental Activities**

**Table MD-3**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Administrative Services	\$ 7,504,588	8,846,826	(8,364,147)	(4,501,509)
Public Safety	63,738,835	60,111,785	58,199,557	54,469,799
Municipal Services	20,839,417	18,666,752	14,962,593	12,930,759
Health & Animal Services	2,170,360	2,052,328	1,203,668	1,832,330
Culture & Recreation	8,759,163	9,121,110	7,897,526	7,242,901
Community Development	6,240,454	6,019,417	(1,993,838)	(484,301)
Storm Water	3,538,060	3,764,430	3,155,718	3,740,858
General Government and Interest on Long-Term Debt	1,534,768	5,128,433	1,534,768	5,128,433
Tax Increment Financing	11,146,839	10,611,180	10,158,040	9,500,324
<b>Total</b>	<b>\$ 125,472,484</b>	<b>124,322,261</b>	<b>86,753,885</b>	<b>89,859,594</b>

As noted in Table MD-3 expenses from governmental activities for fiscal year 2022 were \$125.5 million. However, the net cost of these services was \$86.8 million. The difference represents direct revenues received from charges for services of \$17.4 million, operating grants and contributions of \$21.1 million, and capital grants and contributions of \$229,348. Taxes and other revenues of \$88.6 million were collected to cover these net costs. Of significance in the charges for services category there was \$5.0 million netted to Administrative Services for interfund charges for support services, \$5.6 million netted primarily to Administrative Services and Community Development for licenses and permits, and \$2.0 million netted to Public Safety for fines and forfeitures.

**Business-type Activities**

Revenues of the City's business-type activities increased \$16.9 million and expenses increased \$2.3 million. This change in revenues is primarily due to Power and Light's operating revenue increase to fuel charge adjustments, increases in inter-municipal sales, and weather conditions. The business-type funds revenues also increased due to the Cable Dahmer Arena resuming normal operations following the COVID pandemic shut down. The change in expenses is primarily the result of the changes in the LAGERS net pension and OPEB valuations for the three utilities.

**CITY OF INDEPENDENCE, MISSOURI**  
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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$89.9 million. The fund balance of the General Fund increased \$606,655, the TIF Debt Service fund balance increased \$736,543, and the non-major governmental fund balance increased \$9.3 million. The increase for the non-major governmental funds was in the Sales and Use Tax funds and resulted from higher sales and uses tax revenues and lower expenditures due to the effects of the pandemic and supply chain issues. The unassigned portion of the General Fund's fund balance increased \$581,364. The General Fund's fund balance was impacted by the financial highlights pointed out earlier, and also only essential personnel position vacancies were filled.

The business-type funds reported a combined net position of \$325.3 million. The net position of the Power and Light fund increased \$7.7 million, the Water fund increased \$6.3 million, the Sewer fund increased \$6.0 million and the Events Center fund increased \$2.2 million. The net position for all three utilities was also impacted by the LAGERS net pension and OPEB changes mentioned earlier. The business-type funds also issued refunding debt for the Power and Light, Sanitary Sewer, and Events Center funds.

**General Fund Budgetary Highlights**

Resources available for appropriation increased \$313,219 from the original estimate. Actual revenues and other financing sources at the end of the year were more than projected by \$5.2 million. The largest variances were in the areas of taxes, which were \$1.4 million above estimated, fines and forfeitures which were \$1.6 million below estimated, licenses and permits which were \$1.6 million above estimated, payments in lieu of taxes which were \$527,943 below estimated, and operating transfers in including transfers from the American Rescue Plan Act funds which were \$3.1 million above estimated.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$2.2 million in the General Fund. These budget amendments generally fall into the following categories:

- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

Actual expenditures, including encumbrances, were \$416,453 less than the amount appropriated.

**CITY OF INDEPENDENCE, MISSOURI**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2022, the City had invested \$831.2 million, net of depreciation, in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets decreased \$13.0 million or 1.5% during the period, due mostly to depreciation exceeding replacement.

**Table MD-4**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Capital Assets (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2021-2022
	2022	2021	2022	2021	2022	2021	
	2022	2021	2022	2021	2022	2021	
Land & land imp	\$ 36,361,107	36,699,708	13,119,837	12,131,928	49,480,944	48,831,636	1.33%
Buildings & Improvements	50,953,269	53,732,110	—	—	50,953,269	53,732,110	-5.17%
Office furniture & equipment	9,136	13,484	—	—	9,136	13,484	-32.25%
Computer equipment	5,117,513	5,762,251	—	—	5,117,513	5,762,251	-11.19%
Mobile equipment	11,342,037	9,626,718	—	—	11,342,037	9,626,718	17.82%
Other equipment	3,672,328	4,021,191	15,782,198	9,977,852	19,454,526	13,999,043	38.97%
Infrastructure	178,131,050	177,320,664	447,359,667	459,105,728	625,490,717	636,426,392	-1.72%
Construction in progress	15,085,790	24,181,873	54,247,340	51,570,032	69,333,130	75,751,905	-8.47%
<b>Total</b>	<b>\$ 300,672,230</b>	<b>311,357,999</b>	<b>530,509,042</b>	<b>532,785,540</b>	<b>831,181,272</b>	<b>844,143,539</b>	<b>-1.54%</b>

The budget for fiscal year 2023 projects the City will spend an additional \$27.2 million for capital projects. The largest category at \$7.8 million is for projects in the Water Fund.

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management’s Discussion and Analysis**  
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**Debt Administration**

**Table MD-5**  
**CITY OF INDEPENDENCE, MISSOURI**  
**Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021-2022</b>
Loans and bonds payable	\$ 17,940,000	17,947,500	322,431,204	334,701,955	340,371,204	352,649,455	-3.48%
TIF loans payable	113,137,777	121,751,150	—	—	113,137,777	121,751,150	-7.07%
Capital lease obligations	1,456,845	1,868,704	—	—	1,456,845	1,868,704	-22.04%
Neighborhood Improvement District	19,910	26,859	—	—	19,910	26,859	-25.87%
<b>Total</b>	<u>\$ 132,554,532</u>	<u>141,594,213</u>	<u>322,431,204</u>	<u>334,701,955</u>	<u>454,985,736</u>	<u>476,296,168</u>	-4.47%

At the end of fiscal year 2022, the City had a total of \$455.0 million of outstanding obligations. This was a decrease of \$21.3 from the previous fiscal year. None of the debt is a general obligation of the City, and is limited to either an annual appropriation or specific revenue for repayment. Of the total debt, \$322.4 million or 70.9% are obligations of the business-type activities.

The City’s credit ratings from Standard & Poor’s (S&P) are A/Stable for Power and Light, AA-/Stable for Water, A+/Stable for Sewer, BBB+/Stable for the Falls at Crackerneck Creek – Bass Pro TIF, and A-/Stable for all other economic development projects.

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

**Economic Factors**

In the last five years the City, as a community, lost 3,349 jobs, with current total employment at 53,795 jobs. Unemployment by mid-2022 was 2.9%; this is higher than the Jackson County level at 2.7% and higher than the State level at 2.3%. Average household income for 2022 is estimated to be \$71,485, compared to \$84,920 for the State as a whole. Per capita income for 2022 is estimated to be \$30,273, compared to \$34,593 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 Cindy Gray, Director of Finance, City of Independence, P.O. Box 1019, Independence, MO 64051.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Pooled cash and investments	\$ 67,749,012	138,762,920	206,511,932
Receivables:			
Taxes	29,494,978	1,601,618	31,096,596
Accounts, net	400,138	17,433,394	17,833,532
Unbilled revenue	—	9,285,803	9,285,803
Special assessment principal	1,023,589	71,621	1,095,210
Accrued interest	136,694	271,964	408,658
Leases	4,698,850	562,548	5,261,398
Other	—	2,658,586	2,658,586
Internal balances	2,989,640	(2,989,640)	—
Due from other governments	3,823,061	460,611	4,283,672
Inventory	137,643	6,469,708	6,607,351
Prepaid items	409,949	342,732	752,681
Restricted cash and investments	—	5,656,125	5,656,125
Total current assets	<u>110,863,554</u>	<u>180,587,990</u>	<u>291,451,544</u>
<b>Noncurrent Assets:</b>			
Capital assets:			
Nondepreciable	47,270,176	67,367,177	114,637,353
Depreciable, net	253,402,054	463,141,865	716,543,919
Leases, net	74,099	1,581	75,680
Other assets	—	32,507	32,507
Restricted cash and investments	22,506,512	25,235,994	47,742,506
Total noncurrent assets	<u>323,252,841</u>	<u>555,779,124</u>	<u>879,031,965</u>
Total assets	<u>434,116,395</u>	<u>736,367,114</u>	<u>1,170,483,509</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	6,495,136	9,885,331	16,380,467
Pension related amounts	11,527,029	1,238,682	12,765,711
Other post-employment benefits	19,244,601	9,530,250	28,774,851
Deferred environmental and regulatory amounts	—	9,910,792	9,910,792
Goodwill	—	871,645	871,645
Total deferred outflows of resources	<u>37,266,766</u>	<u>31,436,700</u>	<u>68,703,466</u>
Total assets and deferred outflows of resources	<u>\$ 471,383,161</u>	<u>767,803,814</u>	<u>1,239,186,975</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts and contracts payable	\$ 3,302,566	7,884,021	11,186,587
Accrued items	4,939,877	3,723,588	8,663,465
Current portion of lease liability	20,244	683	20,927
Other current liabilities	1,232,456	1,217,370	2,449,826
Unearned revenue	1,828,343	194,629	2,022,972
Current portion of long-term obligations	19,298,935	17,383,819	36,682,754
Self-insurance claims payable	3,478,277	—	3,478,277
Liabilities payable from restricted assets	268,206	4,887,831	5,156,037
Total current liabilities	<u>34,368,904</u>	<u>35,291,941</u>	<u>69,660,845</u>
<b>Noncurrent Liabilities:</b>			
Noncurrent portion of long-term obligations	135,727,924	315,396,471	451,124,395
Lease liability	52,495	862	53,357
Self-insurance claims payable	6,096,616	—	6,096,616
OPEB liability	112,189,811	59,639,305	171,829,116
Net pension liability	18,476,896	5,794,201	24,271,097
Advances for construction	—	347,563	347,563
Total noncurrent liabilities	<u>272,543,742</u>	<u>381,178,402</u>	<u>653,722,144</u>
Total liabilities	<u>306,912,646</u>	<u>416,470,343</u>	<u>723,382,989</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Real estate tax revenue	19,081,185	—	19,081,185
Leases	4,694,181	456,578	5,150,759
Pension related amounts	13,113,481	9,734,422	22,847,903
Other post-employment benefits	29,595,447	15,872,123	45,467,570
Total deferred inflows of resources	<u>66,484,294</u>	<u>26,063,123</u>	<u>92,547,417</u>
<b>NET POSITION</b>			
Net investment in capital assets	292,315,112	225,938,690	518,253,802
Restricted for:			
Public Safety	10,234,982	—	10,234,982
Municipal Services - Public Works	12,609,972	—	12,609,972
Culture and Recreation	5,572,378	—	5,572,378
Storm Water	11,154,795	—	11,154,795
Health and Animal Services	373,198	—	373,198
General Government	8,364	—	8,364
Debt Service	106,475	5,033,361	5,139,836
Worker's Compensation escrow	200,609	—	200,609
Dogwood SPP escrow	—	61,500	61,500
Southwest Power Pool collateral	—	895,291	895,291
Community Improvement District	—	10,445,244	10,445,244
Unrestricted (deficit)	(234,589,664)	82,896,262	(151,693,402)
Total net position	<u>97,986,221</u>	<u>325,270,348</u>	<u>423,256,569</u>
net position	<u>\$ 471,383,161</u>	<u>767,803,814</u>	<u>1,239,186,975</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Administrative Services	\$ 7,504,588	6,396,699	9,472,036	—	8,364,147
Public Safety	63,738,835	2,981,538	2,557,740	—	(58,199,557)
Municipal Services	20,839,417	578,035	5,171,206	127,583	(14,962,593)
Health & Animal Services	2,170,360	556,853	409,839	—	(1,203,668)
Culture and Recreation	8,759,163	729,775	131,862	—	(7,897,526)
Community Development	6,240,454	5,158,737	3,075,555	—	1,993,838
Storm Water	3,538,060	—	280,577	101,765	(3,155,718)
General Government	992,854	—	—	—	(992,854)
Tax Increment Financing	11,146,839	988,799	—	—	(10,158,040)
Interest on long-term debt	541,914	—	—	—	(541,914)
Total governmental activities	<u>125,472,484</u>	<u>17,390,436</u>	<u>21,098,815</u>	<u>229,348</u>	<u>(86,753,885)</u>
<b>Business-Type Activities:</b>					
Power and Light	116,113,226	137,273,615	—	16,498	21,176,887
Water	22,529,358	32,735,657	—	360	10,206,659
Sewer	26,942,461	37,080,181	—	—	10,137,720
Events Center	16,697,546	8,392,112	—	—	(8,305,434)
Total business-type activities	<u>182,282,591</u>	<u>215,481,565</u>	<u>—</u>	<u>16,858</u>	<u>33,215,832</u>
Total primary government	<u>\$ 307,755,075</u>	<u>232,872,001</u>	<u>21,098,815</u>	<u>246,206</u>	<u>(53,538,053)</u>
			<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Changes in Net Position:</b>					
Net (expense) revenue			\$ (86,753,885)	33,215,832	(53,538,053)
<b>General Revenues:</b>					
<b>Taxes</b>					
Property taxes			9,088,287	—	9,088,287
Sales and use taxes			58,149,550	8,876,336	67,025,886
Intergovernmental activity taxes			12,370,738	—	12,370,738
Franchise taxes			8,161,195	—	8,161,195
Financial institutions tax			60,911	—	60,911
Investment income (loss)			(999,657)	(3,126,574)	(4,126,231)
Miscellaneous			1,781,900	3,572,981	5,354,881
Transfers in (out)			20,207,564	(20,207,564)	—
Total general revenues and transfers			<u>108,820,488</u>	<u>(10,884,821)</u>	<u>97,935,667</u>
Change in net position			22,066,603	22,331,011	44,397,614
Net position - beginning			75,919,618	302,939,337	378,858,955
Net position - ending			<u>\$ 97,986,221</u>	<u>325,270,348</u>	<u>423,256,569</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 3,548,536	21,465,841	36,824,984	61,839,361
Receivables:				
Taxes	10,491,271	10,817,682	8,186,025	29,494,978
Accounts, net	208,810	67,297	63,501	339,608
Special assessment principal	630,037	—	393,552	1,023,589
Accrued interest	10,074	47,660	72,100	129,834
Leases	828,867	3,869,983	—	4,698,850
Due from other funds	2,157,372	—	16,155	2,173,527
Due from other governments	979,269	536,071	2,307,721	3,823,061
Restricted cash and investments	268,206	10,523,378	11,514,319	22,305,903
Total assets	<u>\$ 19,122,442</u>	<u>47,327,912</u>	<u>59,378,357</u>	<u>125,828,711</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 364,021	1,596,048	1,060,921	3,020,990
Due to other funds	—	2,166	1,398,622	1,400,788
Accrued items	2,830,917	—	553,651	3,384,568
Other current liabilities	1,098,901	—	133,555	1,232,456
Unearned revenue	—	—	1,828,343	1,828,343
Liabilities payable from restricted assets:				
Deposits and court bonds	268,206	—	—	268,206
Total liabilities	<u>4,562,045</u>	<u>1,598,214</u>	<u>4,975,092</u>	<u>11,135,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	630,386	—	393,553	1,023,939
Unavailable revenue - real estate taxes	6,178,463	10,120,775	2,781,947	19,081,185
Unavailable revenue - leases	824,198	3,869,983	—	4,694,181
Total deferred inflows of resources	<u>7,633,047</u>	<u>13,990,758</u>	<u>3,175,500</u>	<u>24,799,305</u>
Total liabilities and deferred inflows of resources	<u>12,195,092</u>	<u>15,588,972</u>	<u>8,150,592</u>	<u>35,934,656</u>
<b>FUND BALANCES</b>				
Restricted	93,848	34,875,116	51,118,461	86,087,425
Committed	17,145	—	129,414	146,559
Assigned	534,629	—	—	534,629
Unassigned	6,281,728	(3,136,176)	(20,110)	3,125,442
Total fund balances	<u>6,927,350</u>	<u>31,738,940</u>	<u>51,227,765</u>	<u>89,894,055</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 19,122,442</u>	<u>47,327,912</u>	<u>59,378,357</u>	<u>125,828,711</u>

See accompanying notes to financial statements.

**Exhibit 3.1**

**CITY OF INDEPENDENCE, MISSOURI**

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

**June 30, 2022**

Fund balances – total governmental funds	\$ 89,894,055
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	668,733,500
Less accumulated depreciation	(372,904,034)
Leases	89,728
Less accumulated amortization	(15,629)
	<hr/>
	295,903,565
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as an expenditure when due and payable	(1,499,733)
Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds	1,023,939
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position, net of the amount allocated to business-type activities	809,037
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	
Loans payable/NID payable	(126,215,000)
Financed purchase obligations	(1,456,845)
Compensated absences	(16,952,504)
Discounts (premiums)	(4,882,687)
Deferred charge on refunding	6,495,136
Other post-employment benefits	(115,770,557)
Net pension liability	(18,294,547)
Lease liability	(72,739)
	<hr/>
	(277,149,743)
Pension related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources - pension related amounts	11,488,312
Deferred outflows of resources - other post-employment benefits	19,050,797
Deferred inflows of resources - pension related amounts	(12,858,021)
Deferred inflows of resources - other post-employment benefits	(28,675,987)
	<hr/>
	(10,994,899)
	<hr/>
Net position of governmental activities (Exhibit 1)	\$ <u>97,986,221</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, 2022**

	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 34,568,612	18,141,366	34,962,186	87,672,164
Licenses and permits	5,597,300	—	379,708	5,977,008
Intergovernmental	5,883,865	—	15,355,742	21,239,607
Charges for services	2,177,202	—	1,107,344	3,284,546
Interfund charges for support services	5,035,500	—	—	5,035,500
Fines, forfeitures, and court costs	2,116,883	—	—	2,116,883
Investment income (loss)	(95)	(218,542)	(714,950)	(933,587)
Other revenue	1,014,870	1,086,405	859,397	2,960,672
Total revenues	<u>56,394,137</u>	<u>19,009,229</u>	<u>51,949,427</u>	<u>127,352,793</u>
<b>EXPENDITURES</b>				
Current:				
Administrative Services	10,236,725	—	28,398	10,265,123
Public Safety	58,552,056	—	11,507,676	70,059,732
Municipal Services - Public Works	5,480,201	—	865,646	6,345,847
Culture and Recreation	212,352	—	7,435,791	7,648,143
Community Development	3,853,580	—	2,931,635	6,785,215
Storm Water	—	—	2,657,126	2,657,126
Health and Animal Services	3,263	—	2,755,344	2,758,607
General Government	—	—	59,485	59,485
Tax Increment Financing	—	5,859,997	—	5,859,997
Capital Outlay	—	—	8,858,632	8,858,632
Debt service:				
Principal	308,672	8,120,000	135,112	8,563,784
Interest and fiscal agent fees	30,602	4,292,689	518,639	4,841,930
Total expenditures	<u>78,677,451</u>	<u>18,272,686</u>	<u>37,753,484</u>	<u>134,703,621</u>
Excess (deficiency) of revenues over expenditures	<u>(22,283,314)</u>	<u>736,543</u>	<u>14,195,943</u>	<u>(7,350,828)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases	75,620	—	14,107	89,727
Transfers in - utility payments in lieu of taxes	20,168,635	—	—	20,168,635
Transfers in	3,529,000	3,341,437	3,466,435	10,336,872
Transfers out	(883,286)	(3,341,437)	(8,423,220)	(12,647,943)
Total other financing sources (uses)	<u>22,889,969</u>	<u>—</u>	<u>(4,942,678)</u>	<u>17,947,291</u>
Net change in fund balances	606,655	736,543	9,253,265	10,596,463
Fund balances - beginning	6,320,695	31,002,397	41,974,500	79,297,592
Fund balances - ending	<u>\$ 6,927,350</u>	<u>31,738,940</u>	<u>51,227,765</u>	<u>89,894,055</u>

See accompanying notes to financial statements.

**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, 2022**

Net change in fund balances – total governmental funds	\$	10,596,463
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlay		11,195,731
Depreciation expense		(21,295,605)
Leases		38,599
Amortization expense		(15,629)
		(10,076,904)
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the assets and depreciation is removed from the Statement of Net Position and offset against the proceeds, if any, resulting in a gain (loss) on the sale of capital assets in the Statement of Activities.		
Book value of assets disposed		(14,808)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		32,133
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded repayments. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments		8,563,784
Debt premiums, discounts & deferred refunding amortizations		(706,346)
		7,857,438
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		216,897
Accrued interest		(280,534)
Other post-employment benefits		3,972,493
Pension related amount - LAGERS pension benefit		7,841,900
Lease obligations		(38,598)
		11,712,158
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities:		1,960,123
Change in net position of governmental activities (Exhibit 2)	\$	22,066,603

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Enterprise Funds					Governmental Activities
	Power and Light	Water	Sanitary Sewer	Events Center	Total	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 49,405,589	48,655,139	31,326,432	9,375,760	138,762,920	5,909,651
Receivables:						
Taxes	—	—	—	1,601,618	1,601,618	—
Accounts, net	10,606,001	2,710,820	3,359,645	756,928	17,433,394	60,530
Unbilled revenue	5,699,566	1,510,684	2,075,553	—	9,285,803	—
Special assessment principal	71,621	—	—	—	71,621	—
Accrued interest	101,880	103,420	66,664	—	271,964	6,860
Leases	—	—	—	562,548	562,548	—
Other receivable	2,124,272	47,523	443,967	42,824	2,658,586	—
Due from other funds	740,687	740,687	740,687	—	2,222,061	—
Due from other governments	185,328	—	275,283	—	460,611	—
Inventory	5,354,703	1,045,229	66,813	2,963	6,469,708	137,643
Prepaid items	311,625	—	—	31,107	342,732	409,949
Restricted cash and investments	4,196,596	834,318	625,211	—	5,656,125	—
Total current assets	<u>78,797,868</u>	<u>55,647,820</u>	<u>38,980,255</u>	<u>12,373,748</u>	<u>185,799,691</u>	<u>6,524,633</u>
Noncurrent assets:						
Capital Assets:						
Nondepreciable	42,790,452	6,376,726	12,403,684	5,796,315	67,367,177	93,979
Depreciable, net	177,821,366	105,295,230	130,206,390	49,818,879	463,141,865	4,748,785
Leased assets, net	—	—	1,581	—	1,581	—
Other assets	446	31,332	—	729	32,507	—
Restricted cash and investments	4,292,988	3,084,633	6,837,964	11,020,409	25,235,994	200,609
Total noncurrent assets	<u>224,905,252</u>	<u>114,787,921</u>	<u>149,449,619</u>	<u>66,636,332</u>	<u>555,779,124</u>	<u>5,043,373</u>
Total assets	<u>303,703,120</u>	<u>170,435,741</u>	<u>188,429,874</u>	<u>79,010,080</u>	<u>741,578,815</u>	<u>11,568,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	702,095	661,786	2,653,455	5,867,995	9,885,331	—
Pension related amounts	839,651	242,036	156,995	—	1,238,682	38,717
Other post-employment benefits	5,970,649	1,428,223	2,131,378	—	9,530,250	193,804
Deferred environmental and regulatory amounts	9,910,792	—	—	—	9,910,792	—
Goodwill	—	—	—	871,645	871,645	—
Total deferred outflows of resources	<u>17,423,187</u>	<u>2,332,045</u>	<u>4,941,828</u>	<u>6,739,640</u>	<u>31,436,700</u>	<u>232,521</u>
Total assets and deferred outflows of resources	<u>\$ 321,126,307</u>	<u>172,767,786</u>	<u>193,371,702</u>	<u>85,749,720</u>	<u>773,015,515</u>	<u>11,800,527</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and contracts payable	\$ 4,899,081	902,586	595,534	1,486,820	7,884,021	281,576
Due to other funds	—	—	—	32,052	32,052	2,962,748
Accrued items	1,507,949	677,629	684,736	853,274	3,723,588	55,576
Lease liability	—	—	683	—	683	—
Other current liabilities	245,551	297,689	674,130	—	1,217,370	—
Unearned revenue	—	—	—	194,629	194,629	—
Current portion of long-term obligations	7,001,848	2,760,079	4,326,892	3,295,000	17,383,819	181,997
Self-insurance claims payable	—	—	—	—	—	3,478,277
Liabilities payable from restricted assets	3,461,970	800,650	625,211	—	4,887,831	—
Total current liabilities	<u>17,116,399</u>	<u>5,438,633</u>	<u>6,907,186</u>	<u>5,861,775</u>	<u>35,323,993</u>	<u>6,960,174</u>
Noncurrent liabilities:						
Revenue bonds payable	122,191,751	17,164,836	86,461,380	84,788,237	310,606,204	—
Compensated absences-long term	3,424,117	843,183	522,967	—	4,790,267	94,156
Lease liability	—	—	862	—	862	—
Total OPEB liability	38,896,613	12,082,000	8,660,692	—	59,639,305	1,662,924
Net pension liability	3,920,068	1,136,285	737,848	—	5,794,201	182,349
Self-insurance claims payable	—	—	—	—	—	6,096,616
Advances for construction	179,765	167,798	—	—	347,563	—
Total noncurrent liabilities	<u>168,612,314</u>	<u>31,394,102</u>	<u>96,383,749</u>	<u>84,788,237</u>	<u>381,178,402</u>	<u>8,036,045</u>
Total liabilities	<u>185,728,713</u>	<u>36,832,735</u>	<u>103,290,935</u>	<u>90,650,012</u>	<u>416,502,395</u>	<u>14,996,219</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	6,896,585	1,740,548	1,097,289	—	9,734,422	255,460
Other post-employment benefits	8,952,226	3,512,272	3,407,625	—	15,872,123	919,460
Leases	—	—	—	456,578	456,578	—
Total deferred inflows of resources	<u>15,848,811</u>	<u>5,252,820</u>	<u>4,504,914</u>	<u>456,578</u>	<u>26,063,123</u>	<u>1,174,920</u>
Total liabilities and deferred inflows of resources	<u>201,577,524</u>	<u>42,085,555</u>	<u>107,795,849</u>	<u>91,106,590</u>	<u>442,565,518</u>	<u>16,171,139</u>
<b>NET POSITION</b>						
Net investment in capital assets	94,861,908	93,080,425	54,756,084	(16,759,727)	225,938,690	4,832,366
Restricted for:						
Community Improvement District	—	—	—	10,445,244	10,445,244	—
Debt service/capital outlay	4,251,570	500,000	—	281,791	5,033,361	—
Dogwood SPP escrow	61,500	—	—	—	61,500	—
Southwest Power Pool collateral	895,291	—	—	—	895,291	—
Worker's Compensation escrow	—	—	—	—	—	200,609
Unrestricted	19,478,514	37,101,806	30,819,769	675,822	88,075,911	(9,403,587)
Total net position (deficit)	<u>119,548,783</u>	<u>130,682,231</u>	<u>85,575,853</u>	<u>(5,356,870)</u>	<u>330,449,997</u>	<u>(4,370,612)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 321,126,307</u>	<u>172,767,786</u>	<u>193,371,702</u>	<u>85,749,720</u>	<u>773,015,515</u>	<u>11,800,527</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
Net position of business-type activities					(5,179,649)	
					<u>\$ 325,270,348</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Enterprise Funds</b>					<b>Governmental Activities</b>
	<b>Power and Light</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Events Center</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 129,800,160	32,326,559	36,696,117	8,392,112	207,214,948	31,641,070
Miscellaneous operating	7,473,455	409,098	384,064	—	8,266,617	2,278,184
Total operating revenues	<u>137,273,615</u>	<u>32,735,657</u>	<u>37,080,181</u>	<u>8,392,112</u>	<u>215,481,565</u>	<u>33,919,254</u>
<b>OPERATING EXPENSES</b>						
Personnel services	10,925,252	8,831,509	5,396,488	—	25,153,249	3,020,378
Other services	24,646,966	6,769,693	12,635,606	274,910	44,327,175	30,786,149
Supplies	55,974,716	3,226,727	1,173,042	265,793	60,640,278	1,067,424
Other expenses	9,623,806	776,153	120,162	9,678,365	20,198,486	—
Depreciation and amortization	11,739,575	3,229,963	4,280,005	2,168,856	21,418,399	607,996
Total operating expenses	<u>112,910,315</u>	<u>22,834,045</u>	<u>23,605,303</u>	<u>12,387,924</u>	<u>171,737,587</u>	<u>35,481,947</u>
Operating income (loss)	<u>24,363,300</u>	<u>9,901,612</u>	<u>13,474,878</u>	<u>(3,995,812)</u>	<u>43,743,978</u>	<u>(1,562,693)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income (loss)	(1,343,335)	(1,028,427)	(761,269)	6,457	(3,126,574)	(66,071)
Lease revenue	—	—	—	105,970	105,970	—
Miscellaneous non-operating	2,719,840	1,450,956	674,767	1,517,235	6,362,798	1,359,059
Interest and amortization expense	(4,613,498)	(843,286)	(3,794,408)	(4,309,770)	(13,560,962)	—
Sales tax	—	—	—	8,876,336	8,876,336	—
Total nonoperating revenues (expenses)	<u>(3,236,993)</u>	<u>(420,757)</u>	<u>(3,880,910)</u>	<u>6,196,228</u>	<u>(1,342,432)</u>	<u>1,292,988</u>
Income (loss) before contributions and transfers	21,126,307	9,480,855	9,593,968	2,200,416	42,401,546	(269,705)
Capital contributions	16,498	360	—	—	16,858	—
Transfers out - utility payments in lieu of taxes	(13,425,339)	(3,151,180)	(3,592,116)	—	(20,168,635)	—
Transfers in	—	—	10,000	—	10,000	2,350,000
Transfers out	—	—	(48,929)	—	(48,929)	—
Change in net position	<u>7,717,466</u>	<u>6,330,035</u>	<u>5,962,923</u>	<u>2,200,416</u>	<u>22,210,840</u>	<u>2,080,295</u>
Total net position (deficit) - beginning	111,831,317	124,352,196	79,612,930	(7,557,286)	—	(6,450,907)
Total net position (deficit) - ending	<u>\$ 119,548,783</u>	<u>130,682,231</u>	<u>85,575,853</u>	<u>(5,356,870)</u>	<u>—</u>	<u>(4,370,612)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					120,171	
Change in net position of business-type activities					<u>\$ 22,331,011</u>	

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Cash Flows

## Proprietary Funds

Year ended June 30, 2022

	Enterprise Funds				Governmental	
	Power and Light	Water	Sanitary Sewer	Events Center	Internal Service Funds	
Cash Flows from Operations:						
Receipts from customers and others	\$ 140,392,159	34,611,599	37,142,124	8,913,834	221,059,716	35,229,654
Payments to suppliers	(87,370,507)	(12,646,405)	(16,371,711)	(9,589,516)	(125,978,139)	(32,838,736)
Payments to employees	(18,105,773)	(8,232,434)	(5,700,583)	—	(32,038,790)	(1,838,105)
Net cash provided by (used in) operating activities	34,915,879	13,732,760	15,069,830	(675,682)	63,042,787	552,813
Cash Flows from Noncapital Financing Activities:						
Transfers in	—	—	10,000	—	10,000	2,350,000
Transfers out	—	—	(48,929)	—	(48,929)	—
Transfers out – payments in lieu of taxes	(13,425,339)	(3,151,180)	(3,592,116)	—	(20,168,635)	—
Sales tax	—	—	—	8,876,336	8,876,336	—
Advances from (to) other funds	211,087	2,336,639	211,087	6,009	2,764,822	(844,349)
Net cash provided by (used in) noncapital financing activities	(13,214,252)	(814,541)	(3,419,958)	8,882,345	(8,566,406)	1,505,651
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(11,081,573)	(2,981,144)	(3,023,751)	(2,008,266)	(19,094,734)	(36,907)
Interest paid on revenue bonds and equipment contracts	(15,162,013)	(871,303)	(616,749)	622,329	(16,027,736)	—
Proceeds from bond issue	—	—	42,571	—	42,571	—
Redemption of revenue bonds	(4,210,000)	(1,695,000)	(2,280,000)	(1,650,000)	(9,835,000)	—
Net cash provided by (used in) capital and related financing activities	(30,453,586)	(5,547,447)	(5,877,929)	(3,035,937)	(44,914,899)	(36,907)
Cash Flows from Investing Activities:						
Interest on investments	254,002	663,196	320,033	6,457	1,243,688	44,556
Adjustment to market value	(1,676,600)	(1,664,843)	(1,077,127)	—	(4,418,570)	(110,428)
Net cash provided by (used in) investing activities	(1,422,598)	(1,001,647)	(757,094)	6,457	(3,174,882)	(65,872)
Net increase (decrease) in cash and cash equivalents	(10,174,557)	6,369,125	5,014,849	5,177,183	6,386,600	1,955,685
Cash and cash equivalents - beginning	68,069,730	46,204,965	33,774,758	15,218,986	163,268,439	4,154,575
Cash and cash equivalents - ending	\$ 57,895,173	52,574,090	38,789,607	20,396,169	169,655,039	6,110,260
Noncash capital and related financing activities:						
Contributed capital	\$ 16,498	360	—	—	16,858	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 49,405,589	48,655,139	31,326,432	9,375,760	138,762,920	5,909,651
Restricted assets	8,489,584	3,918,951	7,463,175	11,020,409	30,892,119	200,609
Total pooled cash and investments	\$ 57,895,173	52,574,090	38,789,607	20,396,169	169,655,039	6,110,260
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 24,363,300	9,901,612	13,474,878	(3,995,812)	43,743,978	(1,562,693)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	11,739,575	3,229,963	4,280,005	2,168,856	21,418,399	607,996
Lease revenue	—	—	—	105,970	105,970	—
Miscellaneous revenue	2,719,840	1,450,956	674,767	1,517,235	6,362,798	1,359,059
Change in assets and liabilities:						
Accounts receivable	(1,223,568)	224,021	(35,844)	(1,063,234)	(2,098,625)	(48,659)
Inventory	(263,763)	325,522	37,416	(927)	98,248	58,919
Prepaid items and other assets	51,051	6,150	—	49,034	106,235	(409,949)
Unbilled revenue	1,977,969	(41,644)	(103,529)	—	1,832,796	—
Due from other governments	—	—	(275,283)	—	(275,283)	—
Special assessments receivable	8,004	—	—	—	8,004	—
Net pension asset	3,986,842	2,588,324	1,050,456	—	7,625,622	762,078
Other deferred charges	2,156,531	698,020	(1,988,466)	—	866,085	184,648
Other receivable	(363,701)	(41,323)	(198,168)	—	(603,192)	—
Accounts and contracts payable	2,031,736	497,839	193,447	928,048	3,651,070	157,216
Accrued and other liabilities	613,649	(2,509,654)	(21,854)	(316,801)	(2,234,660)	(169,975)
Lease liability	—	—	1,545	—	1,545	—
Other post-employment benefits & net pension liability	(7,753,931)	(1,626,280)	(2,692,746)	—	(12,072,957)	(128,020)
Self-insurance claims payable	—	—	—	—	—	(620,758)
Deferred charges	(5,524,895)	(696,542)	671,991	(29,802)	(5,579,248)	250,519
Unearned revenue	—	—	—	(38,249)	(38,249)	—
Compensated absences	397,240	(274,204)	1,215	—	124,251	112,432
Total adjustments	10,552,579	3,831,148	1,594,952	3,320,130	19,298,809	2,115,506
Net cash provided by (used in) operating activities	\$ 34,915,879	13,732,760	15,069,830	(675,682)	63,042,787	552,813

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Pooled cash and investments	\$ —	244,484
Accrued interest receivable	—	569
Total assets	—	245,053
<b>NET POSITION</b>		
Restricted for:		
Individuals and organizations	—	245,053
Total net position	\$ —	245,053

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2022**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions	\$ —	438,748
Investment income	59	1,918
Other revenue	3,750	—
Total additions	<u>3,809</u>	<u>440,666</u>
<b>DEDUCTIONS</b>		
Preservation and maintenance expense	4,713	—
Benefits paid to participants	—	425,784
Award distribution	—	1,000
Total deductions	<u>4,713</u>	<u>426,784</u>
Change in net position	<u>(904)</u>	<u>13,882</u>
Net Position - beginning	904	231,171
Net Position - ending	<u>\$ —</u>	<u>245,053</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**

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# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

### (1) Summary of Significant Accounting Policies

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

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

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

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

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

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

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

### **(b) Basis of Presentation**

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

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

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

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

The City reports the following major governmental funds:

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

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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

***Custodial Funds*** – These funds account for monies held on behalf of the Flexible Benefits Plan for employee contributions made to the City’s Flex Plan for medical and dependent care flexible spending accounts, 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 Fiduciary Fund Financial Statements.* The government-wide, proprietary, private-purpose trust, and custodial fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues related to exchange transactions are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

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

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

*Fiduciary Funds.* The accrual basis of accounting is used to present data in the fiduciary fund financial statements.

### ***(d) Accounts Receivable***

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

### ***(e) Investments***

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

### ***(f) Inventory***

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

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

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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

#### **(h) Interfund Activity**

The City has the following types of interfund activity:

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

**Services provided and used** – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. The payments in lieu of taxes that the enterprise funds pay to the general fund are handled as transfers out for the enterprise funds and transfers in for the General fund.

#### **(i) Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. For property acquired from another utility, the difference between the net cost of plant assets recorded by the selling entity and the purchase price is recorded as an acquisition adjustment. Contributions of capital assets received from federal, state, or local sources are recorded as assets and a capital contribution at acquisition value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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>
<b>Governmental activities:</b>	
Buildings and improvements	20-40
Improvements other than buildings	20
Roads	20
Bridges	40
Drainage systems	35
Office equipment and furniture	7
Mobile equipment – vehicles	5
Mobile equipment – heavy equipment	10
Fire trucks	15
Other equipment	10
Computer equipment	5

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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

#### ***(j) Bond Premiums/Discounts, and Issuance Costs***

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

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

#### ***(k) Deferred Inflows/Outflows***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category, unavailable/deferred revenues, deferred pension related amounts, and deferred other post-employment benefit (OPEB) amounts. The governmental funds report unavailable revenues from three sources: real estate taxes, special assessment, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide and the proprietary fund statements of net position report pension related deferred inflows, which consists of the unamortized portion of the difference between expected and actual experience and plan assumptions, OPEB deferred inflows, which consist of the unamortized portion of the differences between expected and actual experience, real estate taxes, which will become an inflow in the year for which they are levied, and lease revenue is recognized over the term of the leases.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

#### ***(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 separation, compensation for accrued leave for all employees, other than Firefighters, is paid up to 1,040 hours for sick leave, and a maximum of 400 hours for vacation at the employee's current rate of pay. Firefighters hired after February 1, 2021 are not eligible to receive sick leave payout upon separation. Firefighters hired on or before February 1, 2021 are eligible to receive sick leave payout between 520 to 1,560 hours based upon different tiers for their hourly per week schedule and years of service.

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

#### ***(m) Pensions***

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

#### ***(n) Fund Balances***

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

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

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

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

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

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

The City has a minimum Unassigned Fund Balance policy for the General Fund equal to 16% of annual revenues. If the fund balance falls below this target level of 16% then the City will strive to restore the Unassigned Fund Balance through revenue allocations or expenditure reductions back to the target level over a five (5) year period.

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

### (o) *Net Position*

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

**Net Investment in Capital Assets** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds of \$72,085 for Power and Light, \$10,005,634 for the Events Center, and \$11,420,319 for Governmental activities. Also excluded were accounts payable and retainages of \$2,103,779 for business-type activities and \$454,691 for governmental activities.

**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 \$12,609,972 for the Street Sales Tax and the License Surcharge; \$5,572,378 for the Parks Sales Tax, Parks Property Tax, and Transient Guest Tax; \$11,154,795 for Storm Water Sales Tax; \$10,234,982 for Police Public Safety Sales Tax, Fire Protection Sales Tax, and Police Use Tax; \$373,198 for the Animal Services Use Tax and Health Property Tax; \$8,364 for the Independence Square Benefit District; \$5,139,836 for debt service; and \$10,445,244 for the Events Center Community Improvement District.

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

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

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

### ***(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) Implementation of GASB Pronouncements***

The City implemented GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

The City implemented GASB Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. For the City, these three statements had no impact upon the financial statements.

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

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

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

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The City will implement GASB Statement No. 99 with the fiscal year ended June 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City will implement GASB Statement No. 100 with the fiscal year ended June 30, 2024.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model. The City will implement GASB Statement No. 101 with the fiscal year ended June 30, 2025.

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, 2022

### (2) Deposits and Investments

#### *Fair Value Measurements*

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

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

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

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

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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

At June 30, 2022 the carrying values of deposits and investments are summarized as follows:

		<u>Fair Value Measurement</u>
Investments measured at fair value:		
Investments held in trust (bond reserves):		
Federal National Mortgage Association	\$ 2,735,507	Level 2
Other investments:		
Federal National Mortgage Association	22,047,624	Level 2
Federal Home Loan Mortgage Corporation	14,889,846	Level 2
Federal Home Loan Bank	5,737,222	Level 2
Federal Farm Credit Bank	2,746,451	Level 2
U.S. Treasury Notes	64,376,679	Level 1
U.S. Treasury Bond	27,506	Level 1
U.S. Treasury Bill	200,609	Level 1
Investments measured at amortized cost:		
Money Market - Bond Reserves	43,507,780	N/A
Local Government Investment Pool - MOSIP	24,568,084	N/A
	<u>Total investments</u>	
	180,837,308	
Cash and cash equivalents:		
Deposits and repurchase obligations	79,296,793	
Petty cash	20,946	
	<u>Total</u>	
	\$ 260,155,047	

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

	<u>Government-Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Primary Government Total</u>
Pooled cash and investments	\$ 206,511,932	244,484	206,756,416
Current restricted cash and investments	5,656,125	—	5,656,125
Non-current restricted cash and investments	47,742,506	—	47,742,506
	<u>\$ 259,910,563</u>	<u>244,484</u>	<u>260,155,047</u>

***Investment Policy***

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in U.S. Government securities, a local government investment pool, and money market funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned on the cash and cash equivalents is allocated to the funds on the basis of average monthly cash and investment balances, and investment interest earned is based on each fund's share of the investment balances at the beginning of the fiscal year. 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.

At June 30, 2022, some funds did reflect a loss under their investment income which is due to required market value adjustments and each fund's cash position and portion of the investment pool.

### *Credit Risk/Concentration of Credit Risk*

The credit risk for 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	3.17%
Federal National Mortgage Association	Aaa	12.19%
Federal Home Loan Mortgage Corporation	Aaa	8.23%
Federal Farm Credit Bank	Aaa	1.52%
Local Government Investment Pool - MOSIP	AAAm (S & P)	N/A

### *Custodial Credit Risk*

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At June 30, 2022, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments were exposed to custodial credit risk as of June 30, 2022.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***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, 2022, the City’s investment portfolio had the following investments and maturities:

<u>Investment Type</u>	<u>Total</u>	<u>6 Months or Less</u>	<u>6 - 12 Months</u>	<u>12 - 24 Months</u>	<u>24 - 36 Months</u>	<u>36 - 48 Months</u>	<u>48 - 60 Months</u>	<u>Over 60 Months</u>
Local Government Investment Pool - MOSIP	\$ 24,568,084	24,568,084	—	—	—	—	—	—
Money Market - Bond Reserves	43,507,780	43,507,780	—	—	—	—	—	—
U.S. Government Securities								
Federal National Mortgage Association	24,783,131	—	2,664,012	13,667,199	8,451,920	—	—	—
Federal Home Loan Mortgage Corporation	14,889,846	—	6,479,712	2,941,650	3,841,488	1,626,996	—	—
Federal Home Loan Bank	5,737,222	—	—	3,877,629	1,639,222	220,371	—	—
Federal Farm Credit Bank Notes	2,746,451	—	—	2,746,451	—	—	—	—
U.S. Treasury Notes	64,376,679	1,891,687	7,427,344	12,596,078	8,578,993	18,549,492	15,333,085	—
U.S. Treasury Bill	200,609	200,609	—	—	—	—	—	—
U.S. Treasury Bond	27,506	—	—	—	—	—	—	27,506
Total investments	\$ <u>180,837,308</u>	<u>70,168,160</u>	<u>16,571,068</u>	<u>35,829,007</u>	<u>22,511,623</u>	<u>20,396,859</u>	<u>15,333,085</u>	<u>27,506</u>

***Truman Heartland Community Foundation***

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

At June 30, 2022 the carrying values of deposits are summarized as follows:

<u>Project</u>	<u>Balance</u>
Fire Safety Equipment	\$ 12,035
Sermon Memorial Room	31,360
Sermon/Old Spring Project	31,304
Truman Memorial Building Restoration	1,953
Truman Memorial Walking Trail	15,405
George Owens Nature Park	5,973
Palmer Center Senior Services	17,407
Palmer Senior Center	5,859
Memorial Endowment - Palmer Senior Center	84,590
McCoy Park Inclusive Play	8,156
Animal Shelter Replacement	19,275
Endowment - All Creatures Fund	82,249
Friends of Truman Depot	17,341
Waggoner Memorial	4,751
Pioneer Statue	4,544
	\$ <u><u>342,202</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(3) Tax Revenue**

Tax revenue, including interest and penalties for the year ended June 30, 2022 is as follows:

	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real Estate and Intergovernmental				
Activity Tax	\$ 5,688,620	9,598,985	2,687,570	17,975,175
Railroad Utilities Tax	42,389	—	—	42,389
Cigarette Tax	354,525	—	—	354,525
Transient Guest Tax	—	—	2,116,326	2,116,326
Sales Tax	19,926,036	8,542,381	24,690,284	53,158,701
Use Tax	395,847	—	5,468,006	5,863,853
Franchise Tax	8,161,195	—	—	8,161,195
	<u>\$ 34,568,612</u>	<u>18,141,366</u>	<u>34,962,186</u>	<u>87,672,164</u>

The City’s real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property. Property taxes are recognized as a receivable at the time they become an enforceable legal claim, and revenue is recognized in the year for which the property tax is levied. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2021, on which the fiscal 2022 levy was based, was \$1,696,607,580.

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, 2022 were \$0.4149 for the General Fund, \$0.1954 for Public Health and Recreation, and \$0.5876 for the Independence Square Benefit District Fund.

**(a) Tax Abatements**

**Chapter 353**

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

As of June 30, 2022, the City provides Chapter 353 Tax Abatements through four programs that provide property tax abatement to encourage rehabilitation of properties that improve the safety and health of the home occupants, and help revitalize the redevelopment area. Abatements are obtained through application by the property owner, including inspection by City staff showing proof that improvements were made,

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

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and equals 100% of the real estate tax for years 1 through 10, and 50% of the real estate tax for years 11 through 25. The amount of the abatement is deducted from the property owner’s tax bill. Abatements are not given until after the improvements have been made, and so there is no recapture provision. For the fiscal year ending June 30, 2022, the abated tax amounts were as follows:

<b>Tax Abatement Program</b>	<b>Abated Tax</b>
Fairmount Carlisle	\$ 24,241
Independence Square	20,356
Midtown Truman Road Corridor	39,967
St. Clair Park	294
<b>Total</b>	<b>\$ 84,858</b>

**Chapter 100**

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

As of June 30, 2022, the City provides Chapter 100 Tax Abatements through three programs. Facilities receiving tax abatements under Chapter 100 make payments in lieu of taxes (PILOTS) to the City.

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

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

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The City tax abated under the following Chapter 100 program to Ronson Machine and Manufacturing was \$2,212.

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

The City tax abated under the following Chapter 100 program to 39<sup>th</sup> Place Apartments was approximately \$38,528.

<b>Years</b>	<b>PILOT Percentage</b>	<b>Basis</b>
1 through 5	Fixed	Real property taxes in the amount per the Chapter 100 agreement
6 through 16	2% Increase	Real property taxes increased in each odd year by 2%

**Tax Increment Financing**

The City utilizes Tax Increment Financing (TIF) for economic development projects pursuant to the terms of Missouri Statute 99.800 through 99.865 (TIF Act). The purpose of TIF projects is to finance improvement within a geographically defined area called a redevelopment project area, which has been found by the City Council to be either a blighted, conservation, or economic development area. TIF projects allow the City to finance certain redevelopment costs from the revenue generated from (1) real estate taxes, measured by the net increase in assessed valuation resulting from redevelopment and (2) a percent of local sales tax revenues generated by new economic activities in the redevelopment area. These real estate taxes and sales tax revenues are allocated to special allocation funds set up for each TIF project. Under GASB Statement No. 77, these types of allocations are considered a tax abatement. For the fiscal year ending June 30, 2022, the City reported 21 TIF projects, with 16 active projects, and abated \$1,059,842 in real estate tax and \$8,180,354 in sales tax revenue.

**CITY OF INDEPENDENCE, MISSOURI**

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**(4) Intergovernmental Revenue and Receivables**

Intergovernmental revenue during fiscal year 2022 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Federal</b>			
Department of Housing & Urban Development	\$		
Community Development Block Grant	—	1,756,166	1,756,166
Neighborhood Stabilization Program	—	305	305
Home Investment Partnership	—	338,623	338,623
Department of Agriculture	—	795	795
Department of Justice	—	480,067	480,067
Department of Transportation	—	1,990,120	1,990,120
Department of Health & Human Services	—	388,719.00	388,719
Departments of Treasury	—	9,471,837	9,471,837
Corporation for National & Community Service	—	1,400	1,400
Executive Office of the President	—	289,260	289,260
Department of Homeland Security	—	208,571.00	208,571
<b>Total Federal</b>	<u>—</u>	<u>14,925,863</u>	<u>14,925,863</u>
<b>State &amp; Local</b>			
Department of Health & Human Services	—	86,107	86,107
Department of Public Safety	—	11,357	11,357
Department of Revenue			
Motor Vehicle Fuel Tax	3,473,343	—	3,473,343
Motor Vehicle License	542,506	—	542,506
Motor Vehicle Sales Tax	1,155,357	—	1,155,357
Financial Institutions Tax	60,911	—	60,911
Missouri Highway & Transportation Commission	—	16,504	16,504
Missouri Department of Natural Resources	—	246,654	246,654
Missouri Division of Tourism	—	23,899	23,899
Jackson County Anti-Drug Tax	389,465	—	389,465
Jackson County DARE	262,238	—	262,238
Mid-America Regional Council	—	21,925	21,925
Other	45	23,433	23,478
<b>Total State &amp; Local</b>	<u>5,883,865</u>	<u>429,879</u>	<u>6,313,744</u>
<b>Grand Total</b>	<u>\$ 5,883,865</u>	<u>15,355,742</u>	<u>21,239,607</u>

**CITY OF INDEPENDENCE, MISSOURI**

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Amounts due from other governments at June 30, 2022 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<b>General Fund :</b>				
Department of Revenue	\$			
Motor Vehicle Fuel Tax	—	623,080	—	623,080
Motor Vehicle Sales Tax	—	106,865	—	106,865
Motor Vehicle License Fees	—	136,985	—	136,985
DARE	—	—	112,238	112,238
Marketplace Shopping Center Transportation Development Dist	—	—	101	101
	<u>—</u>	<u>866,930</u>	<u>112,339</u>	<u>979,269</u>
<b>TIF Debt Service:</b>				
State Sales Tax	—	141,335	—	141,335
County Sales Tax	—	—	150,815	150,815
Kansas City Zoo Tax	—	—	65,837	65,837
Noland Road Community Improvement District	—	—	115,051	115,051
Marketplace Community Improvement District	—	—	2,795	2,795
39th St Transportation Development District	—	—	60,238	60,238
	<u>—</u>	<u>141,335</u>	<u>394,736</u>	<u>536,071</u>
<b>Nonmajor Governmental Funds:</b>				
Department of Housing & Urban Development				
Community Development Block Grant	323,040	—	—	323,040
Home Investment Partnership	8,440	—	—	8,440
Neighborhood Stabilization Program	115,196	—	—	115,196
Department of Agriculture	795	—	—	795
Department of Justice	119,198	—	—	119,198
Department of Transportation	918,223	—	—	918,223
Department of Health & Human Services	70,244	—	—	70,244
Department of Homeland Security	376,327	—	—	376,327
Executive Office of the President	117,222	—	—	117,222
Missouri Department of Health & Senior Services	—	8,805	—	8,805
Missouri Department of Natural Resources	—	246,654	—	246,654
Other	—	—	3,577	3,577
	<u>2,048,685</u>	<u>255,459</u>	<u>3,577</u>	<u>2,307,721</u>
<b>Power and Light Fund:</b>				
Federal Communications Commission	185,328	—	—	185,328
	<u>185,328</u>	<u>—</u>	<u>—</u>	<u>185,328</u>
<b>Sanitary Sewer Fund</b>				
Department of Homeland Security	275,283	—	—	275,283
	<u>275,283</u>	<u>—</u>	<u>—</u>	<u>275,283</u>
<b>Totals</b>	\$ <u>2,509,296</u>	<u>1,263,724</u>	<u>510,652</u>	<u>4,283,672</u>

**CITY OF INDEPENDENCE, MISSOURI**

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**(5) Interfund Activity**

**(a) Interfund Balances**

Interfund balances at June 30, 2022, consisted of the following:

	<u>Due from Nonmajor Governmental</u>	<u>Due from TIF Debt Service</u>	<u>Due from Events Center</u>	<u>Due from Internal Service Funds</u>	<u>Total</u>
Due to:					
Governmental activities:					
General Fund	\$ 1,382,467	2,166	32,052	740,687	2,157,372
Nonmajor governmental	<u>16,155</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,155</u>
Total governmental activities	<u>\$ 1,398,622</u>	<u>2,166</u>	<u>32,052</u>	<u>740,687</u>	<u>2,173,527</u>
Business-type activities:					
Power and Light Fund	\$ —	—	—	740,687	740,687
Water Fund	—	—	—	740,687	740,687
Sanitary Sewer Fund	<u>—</u>	<u>—</u>	<u>—</u>	<u>740,687</u>	<u>740,687</u>
Total business-type activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,222,061</u>	<u>2,222,061</u>
Total	<u>\$ 1,398,622</u>	<u>2,166</u>	<u>32,052</u>	<u>2,962,748</u>	<u>4,395,588</u>

Interfund payables and receivables represent loans between funds for operating purposes, short-term negative cash balances and pending reimbursements. The Crackerneck Creek TDD, which is reported as a component unit in the TIF Debt Service category, owes \$2,166 to the General Fund for administrative fees. The Events Center CID, which is reported as a component unit in the Event Center Category, owes \$32,052 to the General Fund for administrative fees. All other amounts are for short-term loans for negative cash balances at June 30, 2022.

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

Interfund charges for support services and rent paid to the General Fund during fiscal year 2022 were as follows:

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

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

**CITY OF INDEPENDENCE, MISSOURI**

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Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2022, and are included as a credit to Water’s operating expenses as follows:

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

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2022, and are included as a credit to Power and Light’s operating expenses as follows:

Sanitary Sewer Fund	\$	282,700
Water Fund		<u>1,220,996</u>
	\$	<u><u>1,503,696</u></u>

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

The payments in lieu of taxes of \$13,425,339, \$3,151,180 and \$3,592,116 in fiscal year 2022 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. In addition to the 9.08% applied to operating revenues, the City also charges a real estate tax as part of the payment in lieu of taxes. The real estate taxes are charged at a set amount for the plant assets of the Enterprise Funds.

***(d) Interfund Transfers***

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	<u>Transfers Out</u>					
	<u>General</u>	<u>Tax Increment Financing</u>	<u>Nonmajor Governmental</u>	<u>Sanitary Sewer</u>	<u>Events Center</u>	<u>Total</u>
Transfers In:						
General	\$ —	—	3,529,000	—	—	3,529,000
Tax Increment Financing	—	2,157,499	—	—	1,183,938	3,341,437
Sanitary Sewer Fund	10,000	—	—	—	—	10,000
Events Center	—	1,183,938	—	—	—	1,183,938
Internal Service Fund	—	—	2,350,000	—	—	2,350,000
Nonmajor governmental	873,286	—	2,544,220	48,929	—	3,466,435
Total Primary Government	\$ <u>883,286</u>	<u>3,341,437</u>	<u>8,423,220</u>	<u>48,929</u>	<u>1,183,938</u>	<u>13,880,810</u>

Transfers are for capital projects, general operations and debt service payments. There is a transfer for \$1,183,938 between the Events Center CID and TIF Debt Service funds that is eliminated from the Events Center reporting upon consolidation within the financial statements.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

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**(6) Capital Assets**

Capital asset activity for the year ended June 30, 2022 is as follows:

	<b>As Restated Balance June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2022</b>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 32,034,141	150,245	—	32,184,386
Construction work in progress	<u>24,181,873</u>	<u>7,857,381</u>	<u>(16,953,464)</u>	<u>15,085,790</u>
Total nondepreciable capital assets	<u>56,216,014</u>	<u>8,007,626</u>	<u>(16,953,464)</u>	<u>47,270,176</u>
Depreciable capital assets:				
Land improvements	10,156,469	—	—	10,156,469
Buildings	59,141,797	—	—	59,141,797
Building improvements	19,200,925	728,789	—	19,929,714
Improvements other than buildings	37,057,106	327,955	—	37,385,061
Office furniture and equipment	443,946	—	—	443,946
Computer equipment	10,780,534	191,746	—	10,972,280
Mobile equipment	25,718,037	3,525,351	(1,139,866)	28,103,522
Other equipment	12,920,759	359,086	—	13,279,845
Infrastructure	<u>433,338,185</u>	<u>15,094,325</u>	<u>—</u>	<u>448,432,510</u>
Total depreciable capital assets	<u>608,757,758</u>	<u>20,227,252</u>	<u>(1,139,866)</u>	<u>627,845,144</u>
Less accumulated depreciation for:				
Land improvements	(5,490,902)	(488,846)	—	(5,979,748)
Buildings	(23,337,562)	(1,197,407)	—	(24,534,969)
Building improvements	(13,077,068)	(843,565)	—	(13,920,633)
Improvements other than buildings	(25,253,087)	(1,794,614)	—	(27,047,701)
Office furniture and equipment	(430,462)	(4,348)	—	(434,810)
Computer equipment	(5,018,283)	(836,484)	—	(5,854,767)
Mobile equipment	(16,091,320)	(1,795,223)	1,125,058	(16,761,485)
Other equipment	(8,899,568)	(707,949)	—	(9,607,517)
Infrastructure	<u>(256,017,521)</u>	<u>(14,283,939)</u>	<u>—</u>	<u>(270,301,460)</u>
Total accumulated depreciation	<u>(353,615,773)</u>	<u>(21,952,375)</u>	<u>1,125,058</u>	<u>(374,443,090)</u>
Total depreciable capital assets, net	<u>255,141,985</u>	<u>(1,725,123)</u>	<u>(14,808)</u>	<u>253,402,054</u>
Leased assets being amortized				
Machinery and equipment	51,129	38,599	—	89,728
Total amortized assets	<u>51,129</u>	<u>38,599</u>	<u>—</u>	<u>89,728</u>
Less accumulated amortization:				
Machinery and equipment	—	(15,629)	—	(15,629)
Total accumulated amortization	<u>—</u>	<u>(15,629)</u>	<u>—</u>	<u>(15,629)</u>
Total amortized assets, net	<u>51,129</u>	<u>22,970</u>	<u>—</u>	<u>74,099</u>
Governmental activities capital assets, net	<u>\$ 311,409,128</u>	<u>6,305,473</u>	<u>(16,968,272)</u>	<u>300,746,329</u>

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Depreciation expense was charged to functions as follows:

Administrative Services	\$	85,726
Public Safety		2,997,014
Municipal Services (Public Works)		13,509,587
Health and Welfare		27,202
Culture and Recreation		1,997,095
Community Development		31,147
Storm Water		1,775,433
General Government		872,401
Total		<u>21,295,605</u>
Internal Service Funds:		
Central Garage		13,478
Enterprise Resource Planning		594,518
Total depreciation expense	\$	<u><u>21,903,601</u></u>

The difference of \$48,774 between the depreciation additions and the depreciation expense was due to a correction made to a fully depreciated asset.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

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	<u>Balance</u> <u>June 30, 2021</u>	<u>Transfers &amp;</u> <u>Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Business-type activities:</b>					
<b>Power and Light Fund:</b>					
Nondepreciable capital assets:					
Land	\$ 3,840,521	—	987,909	—	4,828,430
Construction in progress	36,529,367	—	11,888,962	(10,456,307)	37,962,022
Total nondepreciable capital assets	40,369,888	—	12,876,871	(10,456,307)	42,790,452
Depreciable capital assets:					
Infrastructure:					
Production plant	93,280,905	(2,996,769)	4,352,580	—	94,636,716
Transmission plant	45,828,424	(228)	70,698	—	45,898,894
Distribution plant	188,541,699	(44,784)	3,569,574	—	192,066,489
General plant	17,492,640	953,347	289,467	—	18,735,454
Other	2,755,568	—	—	—	2,755,568
Total infrastructure	347,899,236	(2,088,434)	8,282,319	—	354,093,121
Machinery and equipment	29,226,475	(911,416)	884,137	—	29,199,196
Total depreciable capital assets	377,125,711	(2,999,850)	9,166,456	—	383,292,317
Less accumulated depreciation:					
Infrastructure	(170,809,560)	(4,246,613)	(10,238,836)	—	(185,295,009)
Machinery and equipment	(25,432,717)	7,246,463	(2,208,171)	218,483	(20,175,942)
* Total accumulated depreciation	(196,242,277)	2,999,850	(12,447,007)	218,483	(205,470,951)
Total depreciable capital assets, net	180,883,434	—	(3,280,551)	218,483	177,821,366
Total power and light capital assets	\$ 221,253,322	—	9,596,320	(10,237,824)	220,611,818

\* See page 64 note regarding depreciation.

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Notes to Financial Statements

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	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<b>Water Fund:</b>				
Nondepreciable capital assets:	\$			
Land	2,164,901	—	—	2,164,901
Construction in progress	4,723,030	2,611,862	(3,123,067)	4,211,825
Total nondepreciable capital assets	<u>6,887,931</u>	<u>2,611,862</u>	<u>(3,123,067)</u>	<u>6,376,726</u>
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	8,287,225	—	—	8,287,225
Pumping plant	15,885,712	1,288,430	—	17,174,142
Treatment plant	26,062,920	267,584	(195)	26,330,309
Transmission plant	99,215,639	1,623,134	(56,912)	100,781,861
General plant	2,182,641	—	—	2,182,641
Other	12,547,766	—	—	12,547,766
Total infrastructure	<u>164,221,917</u>	<u>3,179,148</u>	<u>(57,107)</u>	<u>167,343,958</u>
Machinery and equipment	<u>7,826,642</u>	<u>486,173</u>	<u>(209,642)</u>	<u>8,103,173</u>
Total depreciable capital assets	<u>172,048,559</u>	<u>3,665,321</u>	<u>(266,749)</u>	<u>175,447,131</u>
Less accumulated depreciation:				
Infrastructure	(61,338,062)	(2,868,353)	65,878	(64,140,537)
Machinery and equipment	<u>(5,678,013)</u>	<u>(542,993)</u>	209,642	<u>(6,011,364)</u>
* Total accumulated depreciation	<u>(67,016,075)</u>	<u>(3,411,346)</u>	<u>275,520</u>	<u>(70,151,901)</u>
Total depreciable capital assets, net	<u>105,032,484</u>	<u>253,975</u>	<u>8,771</u>	<u>105,295,230</u>
Total water capital assets	<u>\$ 111,920,415</u>	<u>2,865,837</u>	<u>(3,114,296)</u>	<u>111,671,956</u>

\* See page 64 note regarding depreciation.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

	<b>As Restated</b>			<b>Balance</b>
	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2022</b>
<b>Sanitary Sewer Fund:</b>				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	10,317,635	2,840,240	(1,084,382)	12,073,493
Total nondepreciable capital assets	10,647,826	2,840,240	(1,084,382)	12,403,684
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	125,459,545	401,976	(1,307)	125,860,214
Pumping plant	70,227,537	594,176	(12,600)	70,809,113
Treatment plant	13,556,795	88,231	(135,868)	13,509,158
General plant	1,264,348	—	(45,000)	1,219,348
Total infrastructure	210,554,593	1,084,383	(194,775)	211,444,201
Machinery and equipment	7,927,942	181,287	(815,171)	7,294,058
Total depreciable capital assets	218,482,535	1,265,670	(1,009,946)	218,738,259
Less accumulated depreciation:				
Infrastructure	(78,883,274)	(3,922,452)	79,081	(82,726,645)
Machinery and equipment	(6,379,178)	(356,911)	930,865	(5,805,224)
Total accumulated depreciation	(85,262,452)	(4,279,363)	1,009,946	(88,531,869)
Total depreciable capital assets, net	133,220,083	(3,013,693)	—	130,206,390
Leased assets being amortized				
Machinery and equipment	2,223	—	—	2,223
Total amortized assets	2,223	—	—	2,223
Less accumulated amortization:				
Machinery and equipment	—	(642)	—	(642)
Total accumulated amortization	—	(642)	—	(642)
Total amortized assets, net	2,223	(642)	—	1,581
Total sewer capital assets	143,870,132	(174,095)	(1,084,382)	142,611,655

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

	As Restated			Balance June 30, 2022
	Balance June 30, 2021	Additions	Retirements	
<b>Events Center fund:</b>				
Nondepreciable capital assets:				
Land	\$ 5,796,315	—	—	5,796,315
Total nondepreciable capital assets	<u>5,796,315</u>	<u>—</u>	<u>—</u>	<u>5,796,315</u>
Depreciable capital assets:				
Infrastructure	66,665,600	900,473	—	67,566,073
Machinery and equipment	<u>5,659,635</u>	<u>1,139,683</u>	<u>—</u>	<u>6,799,318</u>
Total depreciable capital assets	72,325,235	2,040,156	—	74,365,391
Less accumulated depreciation:				
Infrastructure	(19,204,722)	(1,720,773)	—	(20,925,495)
Machinery and equipment	<u>(3,172,934)</u>	<u>(448,083)</u>	<u>—</u>	<u>(3,621,017)</u>
Total accumulated depreciation	<u>(22,377,656)</u>	<u>(2,168,856)</u>	<u>—</u>	<u>(24,546,512)</u>
Total depreciable capital assets, net	<u>55,743,894</u>	<u>(128,700)</u>	<u>—</u>	<u>49,818,879</u>
Total events center capital assets	<u>55,743,894</u>	<u>(128,700)</u>	<u>—</u>	<u>55,615,194</u>
Total business-type activities capital assets	\$ <u>532,787,763</u>	<u>8,866,096</u>	<u>(11,143,236)</u>	<u>530,510,623</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and Light	\$ 11,739,575
Water	3,229,963
Sanitary Sewer	4,280,005
Events Center	<u>2,168,856</u>
Total business-type activities depreciation expense	\$ <u>21,418,399</u>

Depreciation expense charged to Power and Light and Water funds may be different than the additions to accumulated depreciation 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, 2022 the difference for Power and Light is \$707,432 and the difference for Water is \$181,383.

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(7) Long-Term Obligations**

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for “city purposes,” not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property. As of June 30, 2022, the City has no general obligation debt outstanding.

The following is a summary of changes in long-term liabilities of the City for the year ended June 30, 2022:

	<b>Beginning Balance As Restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 17,947,500	—	7,500	17,940,000	1,310,000
TIF loans	116,375,000	—	8,120,000	108,255,000	4,775,000
Financed purchase obligation	1,868,704	—	411,859	1,456,845	263,032
Neighborhood Improvement District (NID)	27,000	—	7,000	20,000	8,000
Premium (discount), net	<u>5,376,009</u>	<u>—</u>	<u>493,322</u>	<u>4,882,687</u>	<u>—</u>
Total loans and note payable	<u>141,594,213</u>	<u>—</u>	<u>9,039,681</u>	<u>132,554,532</u>	<u>6,356,032</u>
Other liabilities:					
Compensated absences	17,254,227	6,920,490	7,024,953	17,149,764	7,620,340
Total OPEB liability	155,997,692	—	38,485,318	117,512,374	5,322,563
Self-insurance claims payable	10,464,343	22,267,856	23,157,306	9,574,893	3,478,277
Net pension liability	—	18,476,896	—	18,476,896	—
Lease liability	<u>51,129</u>	<u>38,599</u>	<u>16,989</u>	<u>72,739</u>	<u>20,244</u>
Total other liabilities	<u>183,767,391</u>	<u>47,703,841</u>	<u>68,684,566</u>	<u>162,786,666</u>	<u>16,441,424</u>
Total Governmental Activities	\$ <u>325,361,604</u>	<u>47,703,841</u>	<u>77,724,247</u>	<u>295,341,198</u>	<u>22,797,456</u>

The compensated absences, other post-employment benefit liabilities and pension liabilities attributable to governmental activities will be liquidated primarily by the General Fund. The self-insurance claims liability will be paid from the Staywell Health Care Fund and Workers’ Compensation Fund.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2022:

	<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	\$ 136,490,000	72,625,000	89,310,000	119,805,000	3,210,000
Premium on bonds payable	3,641,183	4,919,557	2,963,989	5,596,751	—
Total revenue bonds	<u>140,131,183</u>	<u>77,544,557</u>	<u>92,273,989</u>	<u>125,401,751</u>	<u>3,210,000</u>
Compensated absences	4,973,373	3,156,273	2,759,033	5,370,613	1,946,496
Total OPEB liability	52,415,964	—	11,673,999	40,741,965	1,845,352
Net pension liability	—	3,920,068	—	3,920,068	—
Total Power and Light Fund	<u>197,520,520</u>	<u>84,620,898</u>	<u>106,707,021</u>	<u>175,434,397</u>	<u>7,001,848</u>
Water Fund:					
Revenue bonds	20,240,000	—	1,695,000	18,545,000	1,785,000
Premium on bonds payable	460,030	—	55,194	404,836	—
Total revenue bonds	<u>20,700,030</u>	<u>—</u>	<u>1,750,194</u>	<u>18,949,836</u>	<u>1,785,000</u>
Compensated absences	1,519,266	482,481	756,685	1,245,062	401,879
Total OPEB liability	15,417,765	—	2,762,565	12,655,200	573,200
Net pension liability	—	1,136,285	—	1,136,285	—
Total Water Fund	<u>37,637,061</u>	<u>1,618,766</u>	<u>5,269,444</u>	<u>33,986,383</u>	<u>2,760,079</u>
Sanitary Sewer Fund:					
Revenue Bonds	88,370,000	66,325,000	69,410,000	85,285,000	3,535,000
Premium on bonds payable	736,393	4,964,524	954,348	4,746,569	—
Discount on bonds payable	(36,789)	—	(1,600)	(35,189)	—
Total revenue bonds	<u>89,069,604</u>	<u>71,289,524</u>	<u>70,362,748</u>	<u>89,996,380</u>	<u>3,535,000</u>
Compensated absences	902,759	404,945	403,730	903,974	381,007
Total OPEB liability	12,502,171	—	3,430,594	9,071,577	410,885
Net pension liability	—	737,848	—	737,848	—
Lease liability	2,223	—	678	1,545	683
Total Sanitary Sewer Fund	<u>102,476,757</u>	<u>72,432,317</u>	<u>74,197,750</u>	<u>100,711,324</u>	<u>4,327,575</u>
Events Center Fund:					
Revenue bonds	84,865,000	77,580,000	75,735,000	86,710,000	3,295,000
Premium on bonds payable	130,259	1,426,435	183,457	1,373,237	—
Discount on bonds payable	(194,121)	—	(194,121)	—	—
Total Events Center Fund	<u>84,801,138</u>	<u>79,006,435</u>	<u>75,724,336</u>	<u>88,083,237</u>	<u>3,295,000</u>
Total business-type activities	\$ <u>422,435,476</u>	<u>237,678,416</u>	<u>261,898,551</u>	<u>398,215,341</u>	<u>17,384,502</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

Debt service requirements on long-term debt with schedules maturities at June 30, 2022 are as follows:

Governmental Activities									
Loans Payable		NID Payable		TIF Loans		Total			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 1,310,000	434,148	8,000	1,175	4,775,000	5,168,237	6,093,000	5,603,560	
2024	1,345,000	404,446	12,000	705	6,585,000	4,973,287	7,942,000	5,378,438	
2025	1,385,000	369,897	—	—	6,655,000	4,632,426	8,040,000	5,002,323	
2026	1,420,000	336,380	—	—	6,635,000	4,109,577	8,055,000	4,445,957	
2027	1,455,000	302,016	—	—	8,085,000	3,371,794	9,540,000	3,673,810	
2028 - 2032	7,065,000	972,961	—	—	19,090,000	13,347,938	26,155,000	14,320,899	
2033 - 2037	3,960,000	193,358	—	—	15,460,000	9,981,450	19,420,000	10,174,808	
2038 - 2042	—	—	—	—	11,640,000	7,154,619	11,640,000	7,154,619	
2043 - 2047	—	—	—	—	15,845,000	4,486,600	15,845,000	4,486,600	
2048 - 2052	—	—	—	—	13,485,000	1,525,800	13,485,000	1,525,800	
	<u>\$ 17,940,000</u>	<u>3,013,206</u>	<u>20,000</u>	<u>1,880</u>	<u>108,255,000</u>	<u>58,751,727</u>	<u>126,215,000</u>	<u>61,766,813</u>	

Business-type Activities									
Power and Light		Water		Sewer		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 3,210,000	5,413,234	1,785,000	733,363	3,535,000	2,689,072	3,295,000	2,343,367	11,825,000
2024	3,555,000	5,071,094	1,880,000	652,938	3,615,000	2,612,978	3,400,000	2,379,093	12,450,000
2025	3,730,000	4,893,344	1,950,000	578,138	3,695,000	2,530,079	3,640,000	2,285,184	13,015,000
2026	3,915,000	4,706,844	2,035,000	498,438	3,790,000	2,439,464	3,890,000	2,184,757	13,630,000
2027	4,110,000	4,511,094	2,120,000	415,338	3,895,000	2,334,617	4,145,000	2,077,527	14,270,000
2028 - 2032	23,850,000	19,259,719	8,775,000	646,531	21,470,000	9,668,222	25,150,000	8,381,681	79,245,000
2033 - 2037	30,255,000	12,857,919	—	—	25,375,000	5,758,165	34,535,000	4,191,932	90,165,000
2038 - 2042	24,255,000	7,218,919	—	—	10,725,000	2,478,257	8,655,000	234,990	43,635,000
2043 - 2047	22,925,000	2,251,375	—	—	9,185,000	429,700	—	—	32,110,000
	<u>\$ 119,805,000</u>	<u>66,183,540</u>	<u>18,545,000</u>	<u>3,524,744</u>	<u>85,285,000</u>	<u>30,940,555</u>	<u>86,710,000</u>	<u>24,078,529</u>	<u>310,345,000</u>

Included in the Events Center maturity schedule above is the following privately placed Series 2022 revenue bonds:

Events Center - Privately Placed		
	Principal	Interest
2023	\$ 2,525,000	1,698,417
2024	2,610,000	1,757,243
2025	2,830,000	1,687,034
2026	3,055,000	1,610,907
2027	3,290,000	1,528,727
2028 - 2032	16,915,000	6,388,481
2033 - 2037	28,670,000	3,612,132
2038	<u>7,955,000</u>	<u>213,990</u>
	<u>\$ 67,850,000</u>	<u>18,496,929</u>

**Acceleration Clauses**

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

The Events Center Series 2022 bonds are privately placed. In the event of the City’s default on debt service payments, the Trustee may declare that the full amounts of the outstanding principal and accrued interest are due immediately.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(a) Governmental Activities**

**(1) Loans Payable**

Governmental activities loans payable at June 30, 2022 is comprised of the following:

\$17,940,000 Lease Purchase for Deferred Maintenance, annual installments of \$1,220,000 to \$1,575,000; interest at 2.420% - paid from the Street Improvements Sales Tax fund	\$ 17,940,000
Total Governmental Activities Loans Payable	<u>\$ 17,940,000</u>

The total loan payable is privately placed.

**(2) Neighborhood Improvement District**

The Neighborhood Improvement District Bonds constitute a valid and legally binding indebtedness of the City, payable as to both principal and interest from special assessments to be assessed on certain real property within the District which will be benefited by the improvements and, if not so paid, from monies in the Bond Reserve Fund and, to the extent required, from first available moneys in the City's general fund or other legally available fund. The full faith and credit of the City is irrevocably pledged for the prompt payment, when due, of the principal and interest on the Bonds; provided, however, the City is not obligated nor authorized to levy taxes for the purpose of paying principal of or interest on the Bonds and the taxing power of the City is not pledged to the payment of the Bonds.

Neighborhood Improvement District bonds payable at June 30, 2022 are comprised of the following:

\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50% - paid from the Debt Service fund	\$ 20,000
Total Neighborhood Improvement District	<u>\$ 20,000</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(3) *Financed Purchase Obligations and Leases***

***Financed Purchase Obligations***

Financed purchase obligations at June 30, 2022 are comprised of the following:

PNC Equipment Finance (fire truck) annual installments of \$51,525 to \$71,106 through 2026; interest at 3.00% - paid from the Fire Sales Tax fund	\$	272,260
Motorola Solutions (radio equipment) annual installments of \$158,096 to \$178,587 through 2027; interest at 2.48% - paid from the General fund and Police Sales Tax fund with allocations to the Enterprise funds and Storm Water Sales Tax fund		1,034,404
Caterpillar Financial Services (wheel loader) annual installments of \$34,830 to \$38,053 through 2025; interest at 3.025% - paid from the Street Improvements Sales Tax fund		150,181
Total Financed Purchase Obligations	\$	<u><u>1,456,845</u></u>

The net book value of assets acquired under the financed purchases described above amounted to \$3,165,449 as of June 30, 2022.

The future minimum obligations and the net present value of these minimum payments as of June 30, 2022 were as follows:

Year ending June 30:		
2023	\$	301,333
2024		301,333
2025		301,333
2026		301,333
2027		187,670
2028		187,670
		<u>1,580,672</u>
Less imputed interest		<u>(123,827)</u>
Present value of minimum lease payments	\$	<u><u>1,456,845</u></u>

The financed purchase obligations are privately placed.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***Lease Arrangements***

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the City’s leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The implementation of this Statement had no impact on the City’s beginning of year net position or fund balances. At the beginning of the year, the City’s right to use assets and lease liabilities were restated for governmental activities in the amount of \$51,128 and for business-type activities in the amount of \$2,223. At the beginning of the year, the City’s lease receivable assets and deferred inflows of resources were restated for governmental activities in the amount of \$5,671,369 and for business-type activities in the amount of \$472,794. These restatements are summarized as follows:

	<u>Governmental Activities (Ex. 2)</u>	<u>Business-Type Activities (Ex. 2)</u>	<u>Proprietary Funds (Ex. 6)</u>	
			<u>Sanitary Sewer</u>	<u>Events Center</u>
Beginning net position (deficit), as originally reported	\$ 75,919,618	302,939,337	79,612,930	(7,557,286)
City as Lessee:				
Leased assets	51,128	2,223	2,223	—
Lease liability	(51,128)	(2,223)	(2,223)	—
City as Lessor				
Lease receivable	5,671,369	472,794	—	472,794
Deferred inflow - lease	(5,671,369)	(472,794)	—	(472,794)
Beginning net position, as restated	\$ <u>75,919,618</u>	<u>302,939,337</u>	<u>79,612,930</u>	<u>(7,557,286)</u>

The City uses an average interest rate based upon a combination of treasury rates and credit rates to calculate the present value of lease payments when the rate implicit in the lease is not known.

***Leases Payable***

Under GASB Statement No. 87, a lessee is required to recognize an intangible right to use asset and a lease liability at the commencement of the lease term based on the estimated present value of the lease payments. The right to use assets represent the City’s right to use the underlying assets during the term of the lease, and lease liabilities represent the City’s obligation to make lease payments arising from the lease. For fund statements an expenditure and other financing source are reported in the period the lease is initially recognized. The subsequent lease payments are accounted for consistent with the principles of debt service payments on long-term debt. The right to use asset is amortized over the lease term. For each lease listed below, the right to use asset is included in Note 6 – Capital Assets and the lease liability is included in Note 7 – Long-Term Obligations.

On April 19, 2019, the City entered into a 60-month lease as Lessee for the use of a Ricoh Copier for Municipal Court. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$3,642. As of June 30, 2022, the value of the lease liability is \$2,328. The City is required to make monthly fixed payments of \$112. The lease has an interest rate of 0.8450%. As of June 30, 2022, the value of the right to use asset is \$3,642 with accumulated amortization of \$1,301.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

On August 29, 2019, the City entered into a 60-month lease as Lessee for the use of a Ricoh Multifunction Copier for the Finance Department. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$7,085. As of June 30, 2022, the value of the lease liability is \$4,739. The City is required to make quarterly fixed payments of \$598. The lease has an interest rate of 0.8450%. As of June 30, 2022, the value of the right to use asset is \$7,085 with accumulated amortization of \$2,242.

On September 20, 2019, the City entered into a 60-month lease as Lessee for the use of a Ricoh Multifunction Copier for the City Manager's Office. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$5,683. As of June 30, 2022, the value of the lease liability is \$3,904. The City is required to make monthly fixed payments of \$152. The lease has an interest rate of 0.8450%. As of June 30, 2022, the value of the right to use asset is \$5,683 with accumulated amortization of \$1,765.

On December 17, 2019, the City entered into a 60-month lease as Lessee for the use of a Ricoh Multifunction Copier for the Sanitary Sewer Maintenance division. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$4,445. As of June 30, 2022, the value of the lease liability is \$3,089. The City is required to make quarterly fixed payments of \$347. The lease has an interest rate of 0.8450%. As of June 30, 2022, the value of the right to use asset of \$4,445 with accumulated amortization of \$1,284.

On September 8, 2020, the City entered into a 60-month lease as Lessee for the use of a Hewlett Packard Multifunction Copier for the Community Development Department. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$4,967. As of June 30, 2022, the value of the lease liability is \$3,814. The City is required to make quarterly fixed payments of \$299. The lease has an interest rate of 1.0110%. As of June 30, 2022, the value of the right to use asset is \$4,967 with accumulated amortization of \$1,182.

On September 21, 2020, the City entered into a 60-month lease as Lessee for the use of a Hewlett Packard LJ Managed Copier for the Tourism Division. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$5,551. As of June 30, 2022, the value of the lease liability is \$4,328. The City is required to make quarterly fixed payments of \$315. The lease has an interest rate of 1.0110%. As of June 30, 2022, the value of the right to use asset is \$5,551 with accumulated amortization of \$1,299.

On May 26, 2021, the City entered into a 60-month lease as Lessee for the use of a Hewlett Packard LJ Managed Copier for the Health Department. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$5,358. As of June 30, 2022, the value of the lease liability is \$4,303. The City is required to make quarterly fixed payments of \$276. The lease has an interest rate of 1.1770%. As of June 30, 2022, the value of the right to use asset is \$5,358 with accumulated amortization of \$1,093.

On June 2, 2021, the City entered into a 60-month lease as Lessee for the use of a Hewlett Packard LJ Printer for the City Clerk's Office. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$6,183. As of June 30, 2022, the value of the lease liability is \$4,971. The City is required to make quarterly fixed payments of \$318. The lease has an interest rate of 1.1770%. As of June 30, 2022, the value of the right to use asset is \$6,183 with accumulated amortization of \$1,257.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

On June 14, 2021, the City entered into a 60-month lease as Lessee for the use of two Hewlett Packard LF Managed Copiers for the Police Department. On July 1, 2021, an initial lease asset and lease liability were recorded in the amount of \$10,437. As of June 30, 2022, the value of the lease liability is \$8,390. The City is required to make quarterly fixed payments of \$538. The lease has an interest rate of 1.1770%. As of June 30, 2022, the value of the right to use asset is \$10,437 with accumulated amortization of \$2,107.

On October 21, 2021, the City entered into a 60-month lease as Lessee for the use of two Hewlett Packard LJ Managed Copiers for the Municipal Services Department. An initial lease asset and lease liability were recorded in the amount of \$7,573. As of June 30, 2022, the value of the lease liability is \$6,498. The City is required to make quarterly fixed payments of \$374. The lease has an interest rate of 1.4460%. As of June 30, 2022, the value of the right to use asset is \$7,573 with accumulated amortization of \$1,052.

On March 23, 2022, the City entered into a 60-month lease as Lessee for the use of a six Hewlett Packard LJ Managed Copiers for the Police Department. An initial lease asset and lease liability were recorded in the amount of \$31,026. As of June 30, 2022, the value of the lease liability is \$27,920. The City is required to make quarterly fixed payments of \$1,638. The lease has an interest rate of 2.3230%. As of June 30, 2022, the value of the right to use asset is \$31,026 with accumulated amortization of \$1,689.

The future minimum lease payment for governmental and business-type activities for the year ended June 30, 2022 is as follows:

<b>Governmental Activities</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 20,244	1,029	21,273
2024	20,196	742	20,938
2025	15,034	471	15,505
2026	13,274	229	13,503
2027	3,991	32	4,023
	<u>\$ 72,739</u>	<u>2,503</u>	<u>75,242</u>
<b>Business-Type Activities</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 683	11	694
2024	689	5	694
2025	173	1	174
	<u>\$ 1,545</u>	<u>17</u>	<u>1,562</u>

***Leases Receivable***

Under GASB Statement No. 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflows of resources are measured at the value of the lease receivable plus any payments received at or before the commencement of the least term that relate to future periods. Additional information for each lease is listed on the following page.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

On July 8, 2002, the City entered into a 480-month lease as Lessor for T-Mobile to use tower and space rental at Fire Station #1. On July 1, 2021, an initial lease receivable and deferred inflow of resources were recorded in the amount of \$865,368. As of June 30, 2022, the value of the lease receivable is \$828,867. The lessee is required to make annual fixed payments of \$36,501. The lease has an interest rate of 2.6590%. As of June 30, 2022, the value of the deferred inflow of resources was \$824,198, and the City recognized lease revenue of \$41,170 during the fiscal year.

On January 1, 2007, the City entered into a 240-month lease as Lessor for the use of Bass Pro Store. On July 1, 2021, an initial lease receivable and deferred inflows of resources were recorded in the amount of \$4,806,001. As of June 30, 2022, the value of the lease receivable is \$3,869,983. The lessee is required to make annual fixed payments of \$1,000,000. The lease has an interest rate of 1.3350%. As of June 30, 2022, the value of the deferred inflow of resources was \$3,869,983, and the City recognized lease revenue of \$988,773 during the fiscal year.

On August 27, 2020, the City entered into a 360-month lease as Lessor for the use of land for the Lamar message board at the Cable Dahmer Arena. On July 1, 2021, an initial lease receivable and deferred inflow of resources were recorded in the amount of \$472,794. As of June 30, 2022, the value of the lease receivable is \$562,548. The lessee is required to make monthly fixed payments of \$2,100, and pre-paid 48 months at the commencement of the lease. The lease has an interest rate of 2.7210%. As of June 30, 2022, the value of the deferred inflow of resources \$456,578, and the City recognized lease revenue of \$16,216 during the fiscal year.

The future minimum lease revenue due for governmental and business-type activities under lease arrangement for the year ended June 30, 2022 is as follows:

<b>Governmental Activities</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 968,272	73,704	1,041,976
2024	981,463	60,513	1,041,976
2025	994,836	47,140	1,041,976
2026	1,008,395	33,581	1,041,976
2027	22,144	19,833	41,977
2028 - 2032	153,068	88,295	241,363
2033 - 2037	212,712	64,856	277,568
2038 - 2042	286,445	32,757	319,202
2043 - 2047	71,515	1,902	73,417
	<u>\$ 4,698,850</u>	<u>422,581</u>	<u>5,121,431</u>

<b>Business-Type Activities</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 10,017	15,183	25,200
2024	10,293	14,907	25,200
2025	10,577	14,623	25,200
2026	10,868	14,332	25,200
2027	11,168	14,032	25,200
2028 - 2032	79,999	64,401	144,400
2033 - 2037	97,951	52,049	150,000
2038 - 2042	112,209	37,791	150,000
2043 - 2047	128,542	21,458	150,000
2048 - 2052	90,924	4,076	95,000
	<u>\$ 562,548</u>	<u>252,852</u>	<u>815,400</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(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 principal and interest of \$167.0 million in tax increment financing loans (TIF Loans) issued at various dates beginning in 1999 to finance redevelopment projects within each of the respective TIF plans. The loans are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF loans. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such loan payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. During this fiscal year, the City did not use any of the City’s general, sales tax, or proprietary funds to make up deficiencies in loan payments, and management anticipates the same for the next fiscal year.

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

Although not recorded as a liability, the outstanding TIF developer obligations at June 30, 2022 were:

<u>TIF Project</u>	<u>Obligations</u>
North Independence	\$ 1,688,583
Falls at Crackerneck - Bass Pro	5,350,000
Old Landfill - Stone Canyon	7,480,346
Cinema East - Blue Ridge	3,320,192
Trinity	2,619,894
HCA - Centerpoint	358,036
23rd & Noland - Project 2	234,300
Little Blue Parkway 1	989,291
Little Blue Parkway 3	1,452,070
Marketplace Shopping Center 1	790,000
Marketplace Shopping Center 2	3,672,682
	<u>\$ 27,955,394</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

At June 30, 2022, total principal and interest remaining on the TIF loans was \$167.0 million and the outstanding developer obligations were \$28.0 million. The TIF loans are scheduled to mature at varying amounts through 2051 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled \$14.3 million, excluding refunding transactions. Incremental revenues from the City included \$5.1 million in sales taxes and \$669,708 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, 2022

**Missouri Development Finance Board Loans Payable**

\$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%	\$ 5,380,000
\$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%	1,095,000
\$5,225,000 Series 2015 A (Santa Fe TIF) annual installments of \$100,000 to \$285,000 through 2044; interest at 3.000% to 4.000%	4,420,000
\$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%	3,075,000
\$47,060,000 Series 2015 C (Crackerneck Creek TIF) annual installments of \$1,200,000 to \$5,670,000 through 2045; interest at 3.000% to 5.000%	47,060,000
\$2,390,000 Series 2015 D (Crackerneck Creek TIF) annual installments of \$1,180,000 to \$1,210,000 through 2024; interest at 2.750% to 3.000%	2,390,000
\$17,275,000 Series 2016 B (HCA - Centerpoint TIF) annual installments of \$970,000 to \$2,865,000 through 2028; interest at 3.000% to 5.000%	10,650,000
\$35,920,000 Series 2021 (Crackerneck Creek TIF) annual installments of \$75,000 to \$5,485,000 through 2051; interest at 3.000% to 5.000%	34,185,000
Total TIF Loans Payable	<u>\$ 108,255,000</u>

Restricted assets held in trust accounts of \$10,523,378 consist of funds available for costs related to the redevelopment of the Santa Fe, Eastland Center, Crackerneck Creek and HCA areas.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

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

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2022, outstanding loans payable of \$13,855,000 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, 2022

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

<b>Fiscal Year</b>		<b>Amount</b>
2023	\$	1,000,000
2024		1,000,000
2025		1,000,000
2026		1,000,000
<b>Total</b>	\$	<b>4,000,000</b>

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(b) Business-Type Activities**

**(1) Revenue Bonds**

Revenue bonds payable at June 30, 2022 are comprised of the following individual issues:

**Power and Light Fund:**

\$47,180,000 Series 2016 D annual installments of \$4,505,000 to \$6,060,000 through 2046; interest at 3.375% to 4.00% \$ 47,180,000

\$72,625,000 Series 2022 A annual installments of \$3,210,000 to \$6,570,000 through 2037; interest at 4.00% to 5.00% 72,625,000

**Total Power and Light Fund** 119,805,000

**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% 18,545,000

**Total Water Fund** 18,545,000

**Sanitary Sewer Fund:**

\$21,170,000 Series 2014 C annual installments of \$250,000 to \$6,150,000 through 2043; interest at 2.00% to 5.00% 18,960,000

\$24,760,000 Series 2021 A annual installments of \$1,185,000 to \$2,205,000 through 2037; interest at 4.00% to 5.00% 24,760,000

\$41,565,000 Series 2021 B annual installments of \$2,025,000 to \$2,810,000 through 2040; interest at 0.489% to 2.983% 41,565,000

**Total Sanitary Sewer Fund** 85,285,000

**Events Center Fund:**

\$12,005,000 Series 2016 A annual installments of \$400,000 to \$710,000 through 2038; interest at 3.00% 9,365,000

\$9,730,000 Series 2021 annual installments of \$235,000 to \$1,825,000 through 2035; interest at 3.00% to 4.00% 9,495,000

\$67,850,000 Series 2022 annual installments of \$2,525,000 to \$7,955,000 through 2038; interest at 2.690% 67,850,000

**Total Events Center Fund** 86,710,000

**Total Revenue Bonds** \$ 310,345,000

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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

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

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

<u>Account</u>	<u>Enterprise Funds</u>			
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Events Center</u>
Principal and interest	\$ 4,220,903	—	—	287,237
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	72,085	2,584,633	6,837,964	10,733,172
Total revenue bond reserves	4,292,988	3,084,633	6,837,964	11,020,409
Customer deposits	3,239,787	834,318	625,211	—
Purchase of Dogwood Plant	61,500	—	—	—
Southwest Power Pool collateral	895,309	—	—	—
Total	\$ <u>8,489,584</u>	<u>3,918,951</u>	<u>7,463,175</u>	<u>11,020,409</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, 2022

#### **(2) Refunding and Advance Refunding**

On May 12, 2022, the City issued revenue bonds through the Missouri Development Finance Board of \$72,625,000 with interest rates ranging from 4.00% to 5.00% to refund \$52,610,000 of the outstanding Power and Light Fund's 2012 A series, with interest rates ranging from 2.00% to 5.00% and to refund \$36,700,000 of the outstanding Power and Light Fund's 2012 F series, with interest rates ranging from 3.00% to 4.00%. The acquisition of the new refunding bonds carried a premium of \$4,919,557 and resulted in a deferred gain on refunding of \$739,849. Both items will be amortized over the life of the bonds. The refunding was undertaken to reduce total debt service payments by \$7,697,414 which resulted in an economic gain of \$6,743,404.

On October 13, 2021, the City issued revenue bonds through the Missouri Development Finance Board of \$24,760,000 with interest rates ranging from 4.00% to 5.00%, to refund \$30,430,000 of the outstanding Sanitary Sewer Fund's 2012 B series, with interest rates ranging from 2.00% to 5.00%. The acquisition of the new refunding bonds carried a premium of \$4,964,524 and resulted in a deferred gain on refunding of \$710,161. Both items will be amortized over the life of the bonds.

On October 13, 2021, the City issued revenue bonds through the Missouri Development Finance Board of \$41,565,000 with interest rates ranging from 0.489% to 2.983%, to advance refund \$38,665,000 of the outstanding Sanitary Sewer Fund's 2013 C series, with interest rates ranging from 2.00% to 5.25%. The acquisition of the new refunding bonds resulted in a deferred charge on refunding of \$3,476,631 which will be amortized over the life of the bonds.

The two refunding issuances for Sanitary Sewer were undertaken to reduce total debt service payments by \$22,300,695 which resulted in an economic gain of \$15,494,283.

On November 18, 2021, the City issued revenue bonds through the Missouri Development Finance Board of \$9,730,000 with interest rates ranging from 3.00% to 4.00% to refund \$10,815,000 of the outstanding Event Center Fund's 2011 A series, with interest rates ranging from 2.00% to 5.50%. The acquisition of the new refunding bonds carried a premium of \$1,426,435 and resulted in a deferred charge on refunding of \$313,097. Both items will be amortized over the life of the bonds. The refunding was undertaken to reduce total debt service payments by \$4,567,458 which resulted in an economic gain of \$3,528,070.

On April 26, 2022, the City issued revenue bonds through the Missouri Development Finance Board of \$67,850,000 with an interest rate of 2.69% to refund \$63,115,000 of the outstanding Events Center Fund's 2012 C series, with interest rates ranging from 2.00% to 4.00%. The acquisition of the new refunding bonds resulted in a deferred charge on refunding of \$82,094 which will be amortized over the life of the bonds. The refunding was undertaken to reduce the total debt service payments by \$2,134,847 which resulted in an economic gain of \$1,710,311, and allowed \$10,000,000 to be placed in a project fund for improvements at the Cable Dahmer Arena.

#### **(3) Defeasance of Debt**

On October 13, 2021, the City defeased \$38,665,000 of the outstanding 2013 C Sanitary Sewer bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2022, the balance of these outstanding revenue bonds was \$37,640,000 and are considered defeased.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(4) Prior Year Defeasance of Debt**

In prior years, the City defeased certain revenue bonds with the Missouri Development Finance Board by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City’s financial statements. At June 30, 2022, other than the defeased debt from note (3), there are no revenue bond balances outstanding on prior year defeased debt.

**(5) 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, 2022 is as follows:

Date Issued	Description	Purpose of Debt	Revenue Pledged	Term of Commitment	Principal & Interest Remaining	Principal & Interest 2021 - 2022	Net Available Revenues 2021 - 2022
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	\$ —	1,287,485	
12/2012	Power and Light Leasehold Revenue Bonds - Refunding	Electric System Projects	Appropriated Revenues	through 2037	—	704,375	
09/2016	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2046	83,500,200	1,789,994	
05/2022	Power and Light Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2037	102,488,340	—	
					\$ <u>185,988,540</u>	<u>3,781,853</u>	<u>28,351,895</u>
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2029	22,069,744	2,515,363	
					\$ <u>22,069,744</u>	<u>2,515,363</u>	<u>15,898,799</u>
08/2012	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2041	—	1,614,416	
09/2013	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2042	—	1,987,450	
11/2014	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2043	31,002,331	1,069,200	
10/2021	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2036	33,706,975	597,163	
10/2021	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2039	51,516,249	489,843	
					\$ <u>116,225,555</u>	<u>5,758,071</u>	<u>17,390,682</u>

**(6) Letter of Credit**

The City maintains a letter of credit for \$800,000 with a bank, which serves as collateral for the Power and Light fund to participate in the Southwest Power Pool’s (SPP) Transmission Congestion Rights Markets (TCR). The TCR Market provides financial rights used to hedge against the day-ahead market transmission congestion between two locations. As of June 30, 2022, the City has not utilized the letter of credit.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

### **(7) 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, 2022, District revenues paid to the City for debt service totaled \$5,265,160. The remaining debt service amounts of \$12,103 were funded from capitalized interest funds that were established at the time the Bonds were issued.

### **(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 streetlights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2022, were \$179,765.

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 2022, were \$167,798.

### **(9) Employee Retirement System**

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

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

	<b>2022 Valuation</b>
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contributions	4.00%

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

***Employees Covered by Benefit Terms***

At June 30, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,194
Inactive employees entitled to but not yet receiving benefits	258
Active employees	914
	2,366

***Contributions***

Effective November 1, 2009, the City's LAGERS benefit program changed from LT-8(65) to L-6 with employees contributing 4.00% of gross salaries and wages. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City contribute 4.00% of their gross pay to the pension plan. The City contribution rates for the year ending June 30, 2022 were 20.30% (General), 21.50% (Police), and 20.30% (Fire) of annual covered payroll.

***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022. Standard update procedures were used to roll forward the total pension liability to June 30, 2022.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***Actuarial Assumptions***

The total pension liability in the February 28, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% price inflation; 2.75% wage inflation
Salary Increase	2.75% to 7.15% including wage inflation
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

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

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

***Discount Rate***

The discount rate used to measure the total pension liability (asset) is 7.00%. The projection of cash flows used to determine the discount rate assumes that the City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***Changes in the Net Pension Liability (Asset)***

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 6/30/2021</b>	\$ 562,650,661	581,855,247	(19,204,586)
<b>Changes for the Year:</b>			
Service Cost	8,985,966	—	8,985,966
Interest	38,538,472	—	38,538,472
Difference Between Expected and Actual Experience	11,593,985	—	11,593,985
Changes in assumptions	—	—	—
Contributions - Employer	—	15,210,110	(15,210,110)
Contributions - Employee	—	2,958,772	(2,958,772)
Net Investment Income	—	428,864	(428,864)
Benefit Payments, Including Refunds	(33,604,454)	(33,604,454)	—
Administrative Expense	—	(254,303)	254,303
Other (Net Transfer)	—	(2,700,703)	2,700,703
<b>Net Changes</b>	<u>25,513,969</u>	<u>(17,961,714)</u>	<u>43,475,683</u>
<b>Balances at 6/30/2022</b>	<u>\$ 588,164,630</u>	<u>563,893,533</u>	<u>24,271,097</u>

During the year, the net pension shifted from an asset to a liability due to a significant decrease in net investment income.

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower at 6.00% or one percentage point higher at 8.00% than the current rate.

	<b>Current Single Discount</b>		
	<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
Net Pension Liability (Asset)	\$ 101,240,807	24,271,097	(39,863,154)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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

For the year ended June 30, 2022 the City recognized a reduction to pension expense of \$966,727. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected & actual plan experience	\$	12,765,711	(2,890,819)
Changes in assumptions		—	(7,455,277)
Net difference between expected & actual investment earnings		—	(12,501,807)
Total	\$	12,765,711	(22,847,903)

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

<b>Year Ended:</b>		
2023	\$	(4,817,778)
2024		(5,596,822)
2025		(9,679,008)
2026		9,123,339
2027		785,624
Thereafter		102,453
	\$	(10,082,192)

Certain deferred inflows and outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement periods. The differences on investment returns are being amortized over a closed 5-year period, beginning at the start of each measurement period.

**(10) Post-Employment Health Benefits**

In addition to the pension benefits described in Note (9), the City provides post-employment healthcare benefits to all retired employees meeting the service criteria for this benefit. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in a future year when it actually will be paid.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***Plan Description***

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

***Benefits Provided***

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

***Contributions***

Coverage is available for the lifetime of the retiree and their spouses upon payment of required retiree contribution premiums which includes an adjustment when the retiree becomes eligible to participate in the Medicare program. The City establishes rates based upon an actuarially determined rate. Retirees that were hired after July 1, 2018 must contribute 100% of the plan premiums. The premiums for retirees that were hired prior to July 1, 2018 are split between the retiree and the City at percentages that are comparable to active City employees, and may be amended at any time by the City Council. For the year ended June 30, 2022, the premiums were split as follows:

<b>Insurance Plan</b>	<b>Retiree Premium</b>	<b>City Premium</b>
Open Access Plan 1	20%	80%
Open Access Plan 2	18%	82%
Local Plus Plan	14%	86%
Medicare Stand-Alone Plan	20% - 56%	44% - 80%

***Participants***

The number of participants that either are, or potentially could be, covered by the City’s plan, as of January 1, 2022, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

Active Employees (not including dependents)	840
Retirees or surviving spouses (not including dependents)	<u>865</u>
Total Participants	<u><u>1,705</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

***Changes in the Total OPEB Liability***

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

OPEB Liability Changes		
Total OPEB Liability - Beginning of the year	\$	236,333,592
Service Cost		5,856,465
Interest Cost		4,762,281
Changes in Benefit Terms		(3,357,040)
Difference between actual & expected experience		(5,795,760)
Changes in assumptions & inputs		(49,666,422)
Employer Contributions (Benefit Payments)		(8,152,000)
Net Changes		<u>(56,352,476)</u>
Total OPEB Liability - End of the year	\$	<u><u>179,981,116</u></u>
Covered payroll		60,254,051
Total OPEB liability as a % of covered payroll		298.70%

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

***Total OPEB Liability***

The City's total OPEB liability of \$179,981,116 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2022, rolled forward to June 30, 2022
Measurement Date	June 30, 2022
Discount Rate	3.90% Measurement Date 2.00% Year Preceding Measurement Date The discount rate was based on the average of the published yields from the S & P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Year Indexes
Salary Scale	3.50%
Actuarial Cost Method	Entry Age - Level Percent-of-Pay
Inflation	2.50%
Healthcare Cost Trend Rate	7.50% decreasing annually until 4.50% is reached
Retiree's Share of Benefit Related Costs	Retirees must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution rates as of January 1, 2022 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future. Effective January 1, 2020, the Medicare eligible retirees will be covered under a fully-insured, stand-alone program. Retirees will still be required to contribute a stipulated percentage of the plan premiums to this program.
Mortality Rates	The mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted General and Public Safety Mortality Tables with Scale MP-2021 Full Generational Improvement

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.90%, as well as what the total OPEB liability would be using a discount rate that is one percentage point lower at 2.90% or one percentage point higher at 4.90% than the current rate.

		<b>Current Single Discount</b>		
		<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
		<b>2.90%</b>	<b>3.90%</b>	<b>4.90%</b>
Total OPEB Liability	\$	207,572,916	179,981,116	157,671,190

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City’s total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current trend rates of 7.50% decreasing annually to 4.50% in 2034.

		<b>Current Healthcare Cost Trend Rate</b>		
		<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>6.50%</b>	<b>Trend Rate 7.50%</b>	<b>8.50%</b>
Total OPEB Liability	\$	154,987,192	179,981,116	211,587,953

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$6,293,002. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$	8,143,248	(5,734,432)
Changes in assumptions		20,631,603	(39,733,138)
Total	\$	28,774,851	(45,467,570)

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

<b>Fiscal Year Ending</b>		<b>Amount</b>
2023	\$	(1,190,329)
2024		(2,331,474)
2025		(4,681,918)
2026		(8,488,998)
	\$	(16,692,719)

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

### (11) Risk Management

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

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

Beginning April 1, 2019, the City left MOPERM and joined the States Risk Retention Group, which is a member-owned company providing excess liability insurance to cities, counties, school districts, and other public entities across the country. States is a Risk Retention program whereby the City assumed the first \$250,000 of each liability occurrence for the 2021-22 policy year. The liability limits are \$10,000,000 each occurrence/policy aggregate.

The City is self-insured for workers' compensation and purchased excess coverage for workers' compensation claims in excess of \$1,500,000 per accident for the 2021-22 policy year. In order to maintain this self-insured status for workers compensation, the State of Missouri requires the City to maintain a surety bond in the amount of \$2,320,000 and an escrow account in the amount of \$200,000. The escrow account of \$200,000 is reflected as restricted assets in the Workers' Compensation Fund. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the City's Workers' Compensation Fund.

The City offers its employees and retirees contributory self-insurance healthcare plans (Staywell Open Access Plan 1, Staywell Open Access Plan 2, Staywell Local Plus Plan, and the Post-65 Retiree Medicare Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$275,000 and aggregate claims in excess of \$25,564,107 for the open access plan and for the in-network plan. The City's share of the premiums for this employee and retiree benefit was \$18,003,745. For the Staywell Health Care Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Incurred but not reported medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund. For the Post-65 Retiree Medicare Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and remitted to Cigna.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

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

	<b>Claims Payable</b>			
	<b>Workers' Compensation</b>		<b>Staywell</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Beginning of year	\$ 7,845,090	8,818,673	2,049,300	1,645,670
Current year claims and changes in estimates	4,015,936	1,310,440	19,767,696	21,279,112
Claims payments	<u>(3,042,353)</u>	<u>(2,018,420)</u>	<u>(20,171,326)</u>	<u>(21,460,582)</u>
End of year	\$ <u>8,818,673</u>	<u>8,110,693</u>	<u>1,645,670</u>	<u>1,464,200</u>

**(12) Commitments and Contingencies**

***Construction Commitments***

At June 30, 2022, the City had commitments of approximately \$28.6 million to complete construction contracts. Of this amount, \$15.8 million relates to the enterprise funds. The commitments for the governmental funds will be funded through sales tax and grant funding. The commitments for the enterprise funds will be funded through operating revenues and/or bond proceeds.

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

The City purchases a portion of its power supply needs under seven long-term purchase agreements: a participation power agreement with Omaha Public Power District (OPPD), a participation power agreement with Missouri Joint Municipal Electric Utility Commission (MJMEUC), a renewable energy purchase agreement with Smoky Hills Wind Project II, LLC (Smoky Hills), a renewable energy purchase agreement with Marshall Wind Energy LLC (Marshall Wind), two renewable energy purchase agreements with MCP-Independence LLC (MCP), and a capacity agreement with Oneta Power, LLC.

In January 2004, the City entered into a participation power agreement with OPPD. Under this agreement, the City purchases an 8.33% share (approximately 57 megawatts) of a 682 megawatt coal-fired baseload generating unit at OPPD's existing Nebraska City power station site (Nebraska City Unit 2). The agreement provides that OPPD is the owner/operator of the unit and OPPD sells the City's share of the output on a cost-based approach. OPPD issued tax-exempt bonds to pay for the construction of the unit and the City is obligated to pay its proportionate share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel and renewals and replacements of the unit. The unit began commercial operation on May 1, 2009. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. The future minimum payments (City's portion of the debt service) are approximately \$122,200,000 through the year 2049. During fiscal year 2022, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$13,700,000 for 339,599 megawatt-hours of wholesale energy. For fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$18,000,000.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

In June 2006, the City entered into a unit power purchase agreement with MJMEUC. Under this agreement, the City purchases a 50% share (approximately 53 megawatts) of MJMEUC's 106 MW ownership share of the nominal 875 megawatt Iatan 2 coal-fired generating unit located at Kansas City Power & Light Company's (KCPL) existing power station site in Weston, Missouri. The agreement provides that MJMEUC sells the City's share of the output on a cost-based approach. MJMEUC issued tax-exempt bonds to pay for its share of the construction of the unit and the City is obligated to pay its share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit began commercial operations on December 31, 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. The future minimum payments (City's portion of the debt service) are approximately \$141,100,000 through the year 2039. During fiscal year 2022, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$17,300,000 for 223,865 megawatt-hours of wholesale energy. For fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$19,000,000.

In August 2008, the City entered into a renewable energy purchase agreement with Smoky Hills. Under this agreement, the City purchases a 10.10% share (15 megawatts) of a 148.5 megawatt wind farm generation project located in north-central Kansas. The agreement provides that the City will purchase its share of the energy output of the Smoky Hills project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on December 8, 2008 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2022, the cost of the energy purchases was approximately \$1,600,000 for 52,464 megawatt-hours of wholesale energy. For the fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$2,400,000.

In May 2015, the City entered into a renewable energy purchase agreement with Marshall Wind Energy LLC. Under this agreement, the City purchases a 27.78% share (20 megawatts) of a 72 megawatt wind farm generation project located in north central Kansas. The agreement provides that the City will purchase its share of the energy output of the Marshall Wind project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on March 22, 2016 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2022, the cost of the energy purchases was approximately \$2,500,000 for 73,493 megawatt-hours of wholesale energy. For fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$2,300,000.

In November 2015, the City entered into a renewable energy purchase agreement with MCP-Independence LLC. Under this agreement, the City purchases power generated from a 3 megawatt AC photovoltaic solar farm located in Independence, Missouri. In July 2017, the City entered into a second renewable energy purchase agreement with MCP-Independence, LLC to expand the solar farm by 8.5 megawatts. Both agreements provides that the City will purchase all energy output of the projects and will pay a flat fixed rate (in dollars per kilowatt-hour) for the entire 25-year term of the agreements. Energy deliveries from the solar farm began on March 15, 2017 and deliveries for the expansion began on June 14, 2018. During fiscal year 2022, the cost of the energy purchased was \$1,300,000 for 17,978 megawatt-hours of wholesale energy. For the fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$1,600,000.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2022

In May 2019, the City entered into an agreement with Oneta Power LLC, for a Capacity Only Power Purchase Agreement for the purchase of 46 megawatts of capacity only from the Oneta Generating Facility for a 10 year term. Oneta Generating Facility is a 1,133 MW natural gas-fired combined cycle plant located in Coweta, Oklahoma. For Delivery Years 1-5, the City shall have the right to increase the Quantity of the Contract Capacity (up to 70 MW total, the 'Reserved Capacity') for any remaining years of the Delivery Term. Beginning in Delivery Year 6, in the event Oneta is interested in pursuing a transaction with a third party for any portion of the Reserved Capacity that is not yet committed to the City, Oneta shall give the City advance notice, and the City has the right, exercisable within a specified number of days following the notice, to add such portion of the Reserved Capacity to the Contract Capacity (in lieu of Oneta transacting with a third party for such portion). Any adjustment of Contract Capacity shall not fall below the level of Contract Capacity for the previous Delivery Year. During fiscal year 2022, the cost of the capacity purchased was approximately \$1,300,000. For the fiscal year 2023, the projected costs under the agreement are estimated to be approximately \$1,400,000.

#### *Dogwood Energy Facility*

On April 5, 2012, pursuant to an Asset Purchase Agreement with Dogwood Energy, LLC, the City purchased a 12.3% undivided interest (approximately 75 MW) in the Dogwood Energy Facility – a nominal 610 megawatt natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri. The facility was originally developed as a joint venture between Aquila, Inc. and Calpine Corporation. The facility (originally named Aries) was placed into commercial operation in two phases: first as a peaking facility during the summer of 2001 and then as a combined cycle plant on February 27, 2002. In addition to the City, Kansas Power Pool (KPP), Missouri Joint Municipal Electric Utility Commission (MJMEUC), the Unified Government of Wyandotte County (KCBPU), and the Kansas Municipal Energy Agency (KMEA) also own 10.3%, 16.4%, 17.0% and 10.1% shares respectively of the Dogwood Energy Facility. Dogwood Energy, LLC maintains the remaining ownership share (33.9%) in the facility.

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

The plant had a value of \$53,785,771 with \$6,049,771 accumulated depreciation, making the net purchase price \$47,736,000. An operating reserve account was established in the amount of \$430,500 for working capital and \$61,500 for SPP credit. Prepaid operating expenses as of June 30, 2022 were \$300,000 and depreciation expense for fiscal year end June 30, 2022 was \$675,434.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2022

### *Litigation*

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

### *Contingencies*

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

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at June 30, 2022.

### **(13) Deficits**

The accumulated deficits of \$712 in the Community Development Block Grant Fund, \$16,155 in the Storm Drainage Fund, \$3,243 in the Buildings and Other Improvements Fund, \$6,383,707 in the Workers' Compensation Fund, \$1,857,252 in the Central Garage Fund, \$5,356,870 in the Events Center Fund, \$442,234 in the Santa Fe TIF project, \$2,693,942 in the Hartman Heritage TIF project, will be eliminated by future revenues or transfers.

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

The City evaluated subsequent events through December 20, 2022, the date the financial statements were available to be issued, and there were not items to report.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2022

**(15) Fund Balance**

Fund balances at year-end are as follows:

	Governmental Funds			Total
	General	TIF Debt Service	Nonmajor	
Fund balances:				
Restricted for:				
Protested Revenues	\$ 15,521	—	—	15,521
Police Equipment	78,327	—	—	78,327
Tourism	—	—	1,741,229	1,741,229
Independence Square Benefit District	—	—	8,364	8,364
Grants	—	—	7	7
License Surcharge	—	—	1,170,146	1,170,146
Street Sales Tax	—	—	22,505,005	22,505,005
Parks Sales Tax	—	—	3,218,492	3,218,492
Storm Water Sales Tax	—	—	11,154,795	11,154,795
Police Sales Tax	—	—	2,793,424	2,793,424
Fire Sales Tax	—	—	2,124,345	2,124,345
Animal Shelter Use Tax	—	—	207,703	207,703
Police Use Tax	—	—	5,343,445	5,343,445
Health Property Tax	—	—	165,495	165,495
Parks & Recreation Property Tax	—	—	581,777	581,777
Debt Service Fund	—	—	104,234	104,234
TIF Debt Service	—	34,875,116	—	34,875,116
Total fund balances restricted	<u>93,848</u>	<u>34,875,116</u>	<u>51,118,461</u>	<u>86,087,425</u>
Committed for:				
Domestic Violence	14,145	—	—	14,145
Capital Projects	—	—	129,414	129,414
Vandalism Reward	3,000	—	—	3,000
Total fund balances committed	<u>17,145</u>	<u>—</u>	<u>129,414</u>	<u>146,559</u>
Assigned for:				
Cigna Wellness Funds	50,000	—	—	50,000
Encumbrances:				
Mailing & Shipping	3,169	—	—	3,169
Maintenance	57,896	—	—	57,896
Training & Education	7,500	—	—	7,500
Professional Services	267,026	—	—	267,026
Leases	872	—	—	872
Other Services	11,597	—	—	11,597
Supplies	53,116	—	—	53,116
Tools & Equipment	528	—	—	528
Capital Outlay/Equipment	82,925	—	—	82,925
Total fund balances assigned	<u>534,629</u>	<u>—</u>	<u>—</u>	<u>534,629</u>
Unassigned	<u>6,281,728</u>	<u>(3,136,176)</u>	<u>(20,110)</u>	<u>3,125,442</u>
Total fund balance	\$ <u>6,927,350</u>	<u>31,738,940</u>	<u>51,227,765</u>	<u>89,894,055</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 of \$499,929 with \$15,300 included in restricted fund balance and \$484,629 in assigned fund balance, and Non-Major Funds of \$4,995,913 included in the restricted and committed fund balances.

**Required  
Supplementary  
Information**

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 33,389,421	33,218,421	34,568,612	1,350,191
Licenses and permits	4,043,350	3,991,500	5,597,300	1,605,800
Grants and other shared revenue	5,330,000	5,330,000	5,883,865	553,865
Charges for services	1,915,000	1,908,000	2,177,202	269,202
Interfund charges for support services	5,035,500	5,035,500	5,035,500	—
Fines and forfeitures	3,710,000	3,710,000	2,116,883	(1,593,117)
Investment income	194,000	194,000	162,077	(31,923)
Other revenue	541,894	677,963	1,014,870	336,907
Total revenues	<u>54,159,165</u>	<u>54,065,384</u>	<u>56,556,309</u>	<u>2,490,925</u>
<b>EXPENDITURES</b>				
City Council	711,350	711,350	874,831	(163,481)
City Clerk	325,744	642,943	647,259	(4,316)
City Manager	1,185,232	1,185,232	1,097,060	88,172
Municipal Court	1,264,139	1,225,139	1,101,580	123,559
Law	611,371	771,371	706,211	65,160
Finance	5,964,389	6,003,389	5,927,580	75,809
Community Development	4,576,184	4,777,484	3,875,305	902,179
Police	33,155,226	33,685,579	33,182,370	503,209
Fire	23,827,624	23,860,024	25,444,298	(1,584,274)
Health and Animal Services	—	—	2,941	(2,941)
Municipal Services - Public Works	5,995,281	5,929,071	5,506,850	422,221
Parks and Recreation	—	225,810	212,352	13,458
Contingencies	17,028	17,028	—	17,028
Debt Service	384,175	324,944	339,274	(14,330)
Total expenditures	<u>78,017,743</u>	<u>79,359,364</u>	<u>78,917,911</u>	<u>441,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources - leases	—	—	75,620	75,620
Transfers in - utility payments in lieu of taxes	20,696,578	20,696,578	20,168,635	(527,943)
Operating transfers in	—	407,000	3,529,000	3,122,000
Transfers out	(10,000)	(858,286)	(883,286)	25,000
Total other financing sources (uses)	<u>20,686,578</u>	<u>20,245,292</u>	<u>22,889,969</u>	<u>2,694,677</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,172,000)</u>	<u>(5,048,688)</u>	528,367	<u>5,577,055</u>
Unassigned fund balance - beginning			5,700,364	
Cancellation of prior year encumbrances			153,860	
Investment market value change			(162,172)	
Change in other fund balance components during the year			61,309	
Unassigned fund balance - ending			<u>\$ 6,281,728</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**General Fund**  
**Year Ended June 30, 2022**

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>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues and other financing sources from the budgetary comparison schedule	\$ 80,329,564
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	(162,172)
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	\$ <u>80,167,392</u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 78,917,911
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget	(476,253)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	235,793
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	\$ <u>78,677,451</u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Budgetary Comparison Schedules

Year ended June 30, 2022

### (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 2021-2022 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 unless appropriated. 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, Parks Improvements Sales Tax, Storm Water Sales Tax, Police Public Safety Sales Tax, Fire Protection Sales Tax, Grants, American Rescue Plan Act, Animal Services Use Tax, Police Use Tax, Health Property Tax Levy, and Parks and Recreation Property Tax Levy Funds who have appropriated budgets. 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 an equivalent to expenditures. The budgetary comparison schedules are prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 5,856,465	5,402,186	5,117,074	7,279,911	6,933,082
Interest	4,762,281	5,359,428	5,675,902	9,525,419	9,284,832
Changes in benefit terms	(3,357,040)	—	(64,032)	(117,967,934)	—
Differences between expected and actual experience	(5,795,760)	9,050,839	(2,415,214)	8,495,479	—
Changes of assumptions or other inputs	(49,666,422)	19,586,986	15,655,275	2,890,612	2,548,653
Benefit payments	(8,152,000)	(7,591,000)	(7,047,000)	(7,979,000)	(7,268,000)
Net change in total OPEB liability	<u>(56,352,476)</u>	<u>31,808,439</u>	<u>16,922,005</u>	<u>(97,755,513)</u>	<u>11,498,567</u>
Total OPEB liability - beginning	236,333,592	204,525,153	187,603,148	285,358,661	273,860,094
Total OPEB liability - ending	<u>\$ 179,981,116</u>	<u>236,333,592</u>	<u>204,525,153</u>	<u>187,603,148</u>	<u>285,358,661</u>
Covered - employee payroll	\$ 60,254,051	61,410,210	61,654,203	62,360,911	62,007,715
Total OPEB liability as a percentage of covered payroll	298.70%	384.84%	331.73%	300.83%	460.20%

**Notes to schedule:**

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

Changes in assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2022 - 3.90%  
2021 - 2.00%  
2020 - 2.60%  
2019 - 3.00%  
2018 - 3.30%

**CITY OF INDEPENDENCE, MISSOURI**  
**LAGERS Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>								
Service cost	\$ 8,985,966	8,835,703	8,812,673	8,767,760	8,491,285	8,388,017	8,219,353	8,279,026
Interest on the total pension liability	38,538,472	39,838,559	38,699,404	37,097,513	35,565,355	34,642,794	31,909,765	31,404,337
Benefit changes	—	—	—	—	—	—	—	—
Difference between expected and actual experience	11,593,985	(2,691,753)	(1,634,804)	5,293,296	4,958,458	(3,550,230)	4,916,999	(10,375,729)
Assumption changes	—	(12,909,211)	—	—	—	—	17,199,406	—
Benefit payments, including refunds	(33,604,454)	(30,623,078)	(29,744,536)	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Refunds	—	—	—	—	—	—	—	—
Net change in total pension liability	<u>25,513,969</u>	<u>2,450,220</u>	<u>16,132,737</u>	<u>22,709,286</u>	<u>21,414,135</u>	<u>13,441,546</u>	<u>38,973,307</u>	<u>7,932,856</u>
Total pension liability - beginning	562,650,661	560,200,441	544,067,704	521,358,418	499,944,283	486,502,737	447,529,430	439,596,574
Total pension liability - ending	<u>\$ 588,164,630</u>	<u>562,650,661</u>	<u>560,200,441</u>	<u>544,067,704</u>	<u>521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	15,210,110	14,363,011	13,630,050	13,183,650	12,176,570	11,503,039	10,603,882	9,475,216
Contributions - employee	2,958,772	2,963,990	2,925,479	2,992,581	2,925,232	2,939,278	2,861,145	2,738,899
Pension plan net investment income	428,864	126,631,520	6,074,595	29,696,791	50,437,763	46,423,639	(791,625)	7,836,996
Benefit payments, including refunds	(33,604,454)	(30,623,078)	(29,744,536)	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Pension plan administrative expense	(254,303)	(232,953)	(302,539)	(271,793)	(189,560)	(183,539)	(181,225)	(198,235)
Other	<u>(2,700,703)</u>	<u>3,128,373</u>	<u>(1,027,620)</u>	<u>(302,321)</u>	<u>1,122,739</u>	<u>(701,221)</u>	<u>981,004</u>	<u>(5,341,994)</u>
Net change in plan fiduciary net position	<u>(17,961,714)</u>	<u>116,230,863</u>	<u>(8,444,571)</u>	<u>16,849,625</u>	<u>38,871,781</u>	<u>33,942,161</u>	<u>(9,799,035)</u>	<u>(6,863,896)</u>
Plan fiduciary net position - beginning	581,855,247	465,624,384	474,068,955	457,219,330	418,347,549	384,405,388	394,204,423	401,068,319
Plan fiduciary net position - ending	<u>\$ 563,893,533</u>	<u>581,855,247</u>	<u>465,624,384</u>	<u>474,068,955</u>	<u>457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>
Employer net pension liability (asset)	<u>\$ 24,271,097</u>	<u>(19,204,586)</u>	<u>94,576,057</u>	<u>69,998,749</u>	<u>64,139,088</u>	<u>81,596,734</u>	<u>102,097,349</u>	<u>53,325,007</u>
Plan fiduciary net position as a percentage of the total pension liability (City)	95.87%	103.41%	83.12%	87.13%	87.70%	83.68%	79.01%	88.08%
Covered payroll	\$ 73,966,040	71,711,424	72,175,519	72,252,369	72,279,232	69,006,951	69,847,339	67,691,063
Employer's net pension liability (asset) as a percentage of covered payroll	32.81%	-26.78%	131.04%	96.88%	88.74%	118.24%	146.17%	78.78%

**Notes to schedule:**

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

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

During 2020-21 amounts reported as assumption changes were primarily from changes to the mortality tables.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 18,376,613	17,173,738	16,275,986	16,251,566	15,008,913	13,142,800	13,185,228	12,190,564	11,568,908	10,954,525
Actual contributions in relation to the actuarially determined contribution	<u>15,209,484</u>	<u>14,366,820</u>	<u>13,617,154</u>	<u>13,188,017</u>	<u>12,179,890</u>	<u>11,502,124</u>	<u>10,605,761</u>	<u>9,478,268</u>	<u>8,724,944</u>	<u>7,962,390</u>
Contribution deficiency (excess)	\$ <u>3,167,129</u>	<u>2,806,918</u>	<u>2,658,832</u>	<u>3,063,549</u>	<u>2,829,023</u>	<u>1,640,676</u>	<u>2,579,467</u>	<u>2,712,296</u>	<u>2,843,964</u>	<u>2,992,135</u>
Covered payroll	\$ 73,966,040	71,711,424	72,175,519	72,252,369	72,279,232	69,006,951	69,847,339	67,691,063	68,032,518	67,337,696
Contributions as a percentage of covered payroll	20.56%	20.03%	18.87%	18.25%	16.85%	16.67%	15.18%	14.00%	12.82%	11.82%

**Notes to schedule:**

Valuation Date Actuarially determined contribution rates were calculated as of February 28, 2022 prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 7 to 17 years.
Asset Valuation Method	5-Year smoothed market; 20% corridor.
Inflation	2.75% wage inflation and 2.25% price inflation.
Salary Increases	2.75% to 7.15%; including wage inflation.
Investment Rate of Return	7.00%, net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG - 2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS - 2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG - 2010 Employee Mortality Table for males and females of General groups and 75% of the PubS - 2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP - 2020 mortality improvement scale to the above described tables.
<b>Other information:</b>	None

## CITY OF INDEPENDENCE, MISSOURI

### Nonmajor Governmental Funds Special Revenue Funds

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

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

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

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

**Community Development Block Grant Fund** – 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-eighth cent street improvement sales tax.

**Parks Improvement Sales Tax Fund** – This fund accounts for all park projects that are funded by the one-fourth 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 Public Safety Sales Tax** – This fund is used to account for receipts and expenditures of the City's sales tax for police protection services.

**Fire Protection 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.

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

**American Rescue Plan Act Fund** – This fund is used to account for expenditures funded from the American Rescue Plan Act.

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

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

**Health Property Tax Levy Fund** – This fund is used to account for revenues and expenditures for the Health portion of the City's property tax.

**Parks and Recreation Property Tax Levy Fund** – This fund is used to account for revenues and expenditures for the Parks and Recreation portion of the City's property tax.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Capital Projects Funds**

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

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

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

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

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

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

### **Debt Service Fund**

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Governmental Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue (Exhibit 16)	Capital Projects (Exhibit 34)	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ 36,378,184	436,586	10,214	36,824,984
Receivables:				
Taxes	8,186,025	—	—	8,186,025
Accounts, net	63,501	—	—	63,501
Special assessment principal	—	371,009	22,543	393,552
Accrued interest	71,187	892	21	72,100
Due from other funds	16,155	—	—	16,155
Due from other governments	2,298,208	9,513	—	2,307,721
Restricted cash and investments	11,420,319	—	94,000	11,514,319
Total assets	<u>\$ 58,433,579</u>	<u>818,000</u>	<u>126,778</u>	<u>59,378,357</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 740,941	319,980	—	1,060,921
Due to other funds	1,382,467	16,155	—	1,398,622
Accrued items	553,651	—	—	553,651
Other current liabilities	132,715	840	—	133,555
Unearned revenue	1,828,343	—	—	1,828,343
Total liabilities	<u>4,638,117</u>	<u>336,975</u>	<u>—</u>	<u>4,975,092</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	—	371,009	22,544	393,553
Unavailable revenue - real estate taxes	2,781,947	—	—	2,781,947
Total deferred inflows of resources	<u>2,781,947</u>	<u>371,009</u>	<u>22,544</u>	<u>3,175,500</u>
Total liabilities and deferred inflows of resources	<u>7,420,064</u>	<u>707,984</u>	<u>22,544</u>	<u>8,150,592</u>
<b>FUND BALANCES</b>				
Restricted	51,014,227	—	104,234	51,118,461
Committed	—	129,414	—	129,414
Unassigned	(712)	(19,398)	—	(20,110)
Total fund balances	<u>51,013,515</u>	<u>110,016</u>	<u>104,234</u>	<u>51,227,765</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 58,433,579</u>	<u>818,000</u>	<u>126,778</u>	<u>59,378,357</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

	Special Revenue (Exhibit 17)	Capital Projects (Exhibit 35)	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 34,962,186	—	—	34,962,186
Licenses and permits	379,708	—	—	379,708
Intergovernmental	15,346,229	9,513	—	15,355,742
Charges for services	1,090,653	10,498	6,193	1,107,344
Investment income (loss)	(705,712)	(9,239)	1	(714,950)
Other revenue	758,597	100,800	—	859,397
Total revenues	<u>51,831,661</u>	<u>111,572</u>	<u>6,194</u>	<u>51,949,427</u>
<b>EXPENDITURES</b>				
Current:				
Administrative Services	28,398	—	—	28,398
Public Safety	11,507,676	—	—	11,507,676
Municipal Services - Public Works	865,476	170	—	865,646
Culture and Recreation	7,435,778	13	—	7,435,791
Community Development	2,931,635	—	—	2,931,635
Storm Water	2,657,126	—	—	2,657,126
Health and Animal Services	2,755,344	—	—	2,755,344
General Government	59,419	—	66	59,485
Capital Outlay	7,815,265	1,043,367	—	8,858,632
Debt service:				
Principal	128,112	—	7,000	135,112
Interest and fiscal agent fees	516,761	—	1,878	518,639
Total expenditures	<u>36,700,990</u>	<u>1,043,550</u>	<u>8,944</u>	<u>37,753,484</u>
Excess (deficiency) of revenues over expenditures	<u>15,130,671</u>	<u>(931,978)</u>	<u>(2,750)</u>	<u>14,195,943</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases	14,107	—	—	14,107
Transfers in	2,371,496	1,094,939	—	3,466,435
Transfers out	(8,294,009)	(129,211)	—	(8,423,220)
Total other financing sources (uses)	<u>(5,908,406)</u>	<u>965,728</u>	<u>—</u>	<u>(4,942,678)</u>
Net change in fund balances	9,222,265	33,750	(2,750)	9,253,265
Fund balances - beginning	41,791,250	76,266	106,984	41,974,500
Fund balances - ending	<u>\$ 51,013,515</u>	<u>110,016</u>	<u>104,234</u>	<u>51,227,765</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2022

	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Block Grant	Rental Rehabilitation	Consolidated Sales Tax Funds (Exhibit 32)	License Surcharge	Grants	American Rescue Plan Act	Animal Services Use Tax	Police Use Tax	Health Property Tax Levy	Parks and Recreation Property Tax Levy	Total
<b>ASSETS</b>														
Pooled cash and investments	\$ 1,665,202	337,765	26,372	51	9,854	25,444,398	1,147,308	—	1,277,504	254,496	5,419,037	150,305	645,892	36,378,184
Receivables:														
Taxes	197,927	—	34,342	—	—	5,072,593	—	—	—	—	—	921,972	1,959,191	8,186,025
Accounts, net	1,524	4,437	—	—	—	5,264	20,495	18,973	—	—	—	12,808	—	63,501
Accrued interest	3,384	—	—	—	—	52,367	2,343	—	—	500	11,023	282	1,288	71,187
Due from other funds	—	—	—	—	—	16,155	—	—	—	—	—	—	—	16,155
Due from other governments	—	—	—	323,040	8,440	382,111	—	1,577,654	—	—	—	—	6,963	2,298,208
Restricted cash and investments	—	—	—	—	—	11,420,319	—	—	—	—	—	—	—	11,420,319
Total assets	<u>1,868,037</u>	<u>342,202</u>	<u>60,714</u>	<u>323,091</u>	<u>18,294</u>	<u>42,393,207</u>	<u>1,170,146</u>	<u>1,596,627</u>	<u>1,277,504</u>	<u>254,996</u>	<u>5,430,060</u>	<u>1,085,367</u>	<u>2,613,334</u>	<u>58,433,579</u>
<b>LIABILITIES</b>														
Accounts and contracts payable	\$ 94,273	—	26,350	92,747	—	392,297	—	112,542	6,379	1,165	3,752	7,907	3,529	740,941
Due to other funds	—	—	—	224,157	—	—	—	1,158,310	—	—	—	—	—	1,382,467
Accrued items	30,292	—	—	4,321	—	193,036	—	110,759	—	46,128	82,863	29,964	56,288	553,651
Other current liabilities	2,243	—	—	2,578	18,287	11,813	—	—	—	—	—	98	97,696	132,715
Unearned revenue	—	342,202	—	—	—	—	—	215,016	1,271,125	—	—	—	—	1,828,343
Total liabilities	<u>126,808</u>	<u>342,202</u>	<u>26,350</u>	<u>323,803</u>	<u>18,287</u>	<u>597,146</u>	<u>—</u>	<u>1,596,627</u>	<u>1,277,504</u>	<u>47,293</u>	<u>86,615</u>	<u>37,969</u>	<u>157,513</u>	<u>4,638,117</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>														
Unavailable revenue - real estate taxes	—	—	26,000	—	—	—	—	—	—	—	—	881,903	1,874,044	2,781,947
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>26,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>881,903</u>	<u>1,874,044</u>	<u>2,781,947</u>
Total liabilities and deferred inflows of resources	<u>126,808</u>	<u>342,202</u>	<u>52,350</u>	<u>323,803</u>	<u>18,287</u>	<u>597,146</u>	<u>—</u>	<u>1,596,627</u>	<u>1,277,504</u>	<u>47,293</u>	<u>86,615</u>	<u>919,872</u>	<u>2,031,557</u>	<u>7,420,064</u>
<b>FUND BALANCES</b>														
Restricted	1,741,229	—	8,364	—	7	41,796,061	1,170,146	—	—	207,703	5,343,445	165,495	581,777	51,014,227
Unassigned	—	—	—	(712)	—	—	—	—	—	—	—	—	—	(712)
Total fund balances (deficit)	<u>1,741,229</u>	<u>—</u>	<u>8,364</u>	<u>(712)</u>	<u>7</u>	<u>41,796,061</u>	<u>1,170,146</u>	<u>—</u>	<u>—</u>	<u>207,703</u>	<u>5,343,445</u>	<u>165,495</u>	<u>581,777</u>	<u>51,013,515</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,868,037</u>	<u>342,202</u>	<u>60,714</u>	<u>323,091</u>	<u>18,294</u>	<u>42,393,207</u>	<u>1,170,146</u>	<u>1,596,627</u>	<u>1,277,504</u>	<u>254,996</u>	<u>5,430,060</u>	<u>1,085,367</u>	<u>2,613,334</u>	<u>58,433,579</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2022**

	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Block Grant	Rental Rehabilitation	Consolidated Sales Tax Funds (Exhibit 33)	License Surcharge	Grants	American Rescue Plan Act	Animal Services Use Tax	Police Use Tax	Health Property Tax Levy	Parks and Recreation Property Tax Levy	Total
<b>REVENUES</b>														
Taxes	\$ 2,116,326	—	26,375	—	—	25,395,540	—	—	—	762,750	4,000,000	851,582	1,809,613	34,962,186
Licenses and permits	—	—	—	—	—	—	—	—	—	—	—	379,708	—	379,708
Intergovernmental	—	—	—	1,756,167	338,623	382,110	—	3,344,964	9,471,837	—	—	17	52,511	15,346,229
Charges for services	17,796	—	—	—	—	531,158	—	222,760	—	—	—	138,115	180,824	1,090,653
Investment income (loss)	(34,785)	—	1,099	—	—	(522,987)	(20,500)	—	—	(5,230)	(120,339)	1,152	(4,122)	(705,712)
Other revenue	8,101	4,437	—	—	—	677,909	—	349	—	—	—	21,587	46,214	758,597
Total revenues	2,107,438	4,437	27,474	1,756,167	338,623	26,463,730	(20,500)	3,568,073	9,471,837	757,520	3,879,661	1,392,161	2,085,040	51,831,661
<b>EXPENDITURES</b>														
Current:														
Administrative Services	—	—	—	—	—	—	—	28,398	—	—	—	—	—	28,398
Public Safety	—	—	—	—	—	5,820,443	—	2,098,867	1,912,657	—	1,675,709	—	—	11,507,676
Municipal Services - Public Works	—	—	—	—	—	864,166	—	—	1,310	—	—	—	—	865,476
Culture and Recreation	1,523,337	—	—	—	—	3,932,090	—	60,344	—	—	—	—	1,920,007	7,435,778
Community Development	—	—	—	1,456,908	338,623	—	12,806	982,923	140,375	—	—	—	—	2,931,635
Storm Water	—	—	—	—	—	2,657,126	—	—	—	—	—	—	—	2,657,126
Health and Animal Services	—	—	—	—	—	—	—	400,732	—	705,834	—	1,648,778	—	2,755,344
General Government	—	4,437	26,772	—	—	—	—	—	28,210	—	—	—	—	59,419
Capital Outlay	53,691	—	—	—	—	7,761,574	—	—	—	—	—	—	—	7,815,265
Debt service:														
Principal	8,723	—	—	227	—	118,107	—	791	—	—	—	264	—	128,112
Interest and fiscal agent fees	37	—	—	8	—	516,668	—	36	—	—	—	12	—	516,761
Total expenditures	1,585,788	4,437	26,772	1,457,143	338,623	21,670,174	12,806	3,572,091	2,082,552	705,834	1,675,709	1,649,054	1,920,007	36,700,990
Excess (deficiency) of revenues over expenditures	521,650	—	702	299,024	—	4,793,556	(33,306)	(4,018)	7,389,285	51,686	2,203,952	(256,893)	165,033	15,130,671
<b>OTHER FINANCING SOURCES (USES)</b>														
Leases	5,551	—	—	976	—	2,223	—	4,018	—	—	—	1,339	—	14,107
Transfers in	—	—	—	—	—	2,046,496	—	—	—	—	—	325,000	—	2,371,496
Transfers out	(50,900)	—	—	(300,000)	—	(98,777)	(48,047)	—	(7,389,285)	—	(407,000)	—	—	(8,294,009)
Total other financing sources (uses)	(45,349)	—	—	(299,024)	—	1,949,942	(48,047)	4,018	(7,389,285)	—	(407,000)	326,339	—	(5,908,406)
Net change in fund balances	476,301	—	702	—	—	6,743,498	(81,353)	—	—	51,686	1,796,952	69,446	165,033	9,222,265
Fund balances (deficit) - beginning	1,264,928	—	7,662	(712)	7	35,052,563	1,251,499	—	—	156,017	3,546,493	96,049	416,744	41,791,250
Fund balances (deficit) - ending	\$ 1,741,229	—	8,364	(712)	7	41,796,061	1,170,146	—	—	207,703	5,343,445	165,495	581,777	51,013,515

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Comparison Schedule**  
**Tourism Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Transient guest taxes	\$ 1,652,283	1,652,283	2,116,326	464,043
Charges for services	—	30,000	17,796	(12,204)
Investment income	26,593	26,593	19,706	(6,887)
Other revenue	5,050	5,050	8,101	3,051
Total revenues	<u>1,683,926</u>	<u>1,713,926</u>	<u>2,161,929</u>	<u>448,003</u>
<b>EXPENDITURES</b>				
Tourism	2,310,697	2,617,529	1,647,384	970,145
Debt Service	—	—	8,760	(8,760)
Total expenditures	<u>2,310,697</u>	<u>2,617,529</u>	<u>1,656,144</u>	<u>961,385</u>
<b>OTHER FINANCING SOURCE (USES)</b>				
Other financing sources - leases	—	—	5,551	5,551
Transfers out	(240,092)	(290,992)	(50,900)	(240,092)
Total other financing sources (uses)	<u>(240,092)</u>	<u>(290,992)</u>	<u>(45,349)</u>	<u>(234,541)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (866,863)</u>	<u>(1,194,595)</u>	460,436	<u>1,655,031</u>
Fund balance - beginning			1,264,928	
Cancellation of prior year encumbrances			19,820	
Investment market value change			(54,491)	
Increase (decrease) in prior year encumbrances			50,536	
Fund balance - ending			<u>\$ 1,741,229</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Tourism Fund**  
**Year Ended June 30, 2022**

	<b>Tourism Fund</b>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,161,929
<b>Basis differences – budget to GAAP:</b>	
Market value adjustment to investments	(54,491)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 2,107,438
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,656,144
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(186,627)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	116,271
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 1,585,788

(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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants and other shared revenue	\$ 1,605,692	2,067,452	1,756,167	(311,285)
Total revenues	<u>1,605,692</u>	<u>2,067,452</u>	<u>1,756,167</u>	<u>(311,285)</u>
<b>EXPENDITURES</b>				
CDBG administration	166,173	164,308	170,028	(5,720)
CDBG expenditures	1,455,527	1,454,259	1,609,613	(155,354)
Debt Service	—	—	235	(235)
Total expenditures	<u>1,621,700</u>	<u>1,618,567</u>	<u>1,779,876</u>	<u>(161,309)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources - leases	—	—	976	976
Transfers out	—	(463,625)	(300,000)	(163,625)
Total other financing sources (uses)	<u>—</u>	<u>(463,625)</u>	<u>(299,024)</u>	<u>(162,649)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (16,008)</u>	<u>(14,740)</u>	(322,733)	<u>(307,993)</u>
Fund balance (deficit) - beginning			(712)	
Cancellation of prior year encumbrances			32,221	
Increase (decrease) in prior year encumbrances			290,512	
Fund balance (deficit) - beginning			<u>\$ (712)</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Community Development Block Grant Fund**  
**Year Ended June 30, 2022**

	<u><b>Community Development Block Grant</b></u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,756,167
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,756,167</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,779,876
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(366,503)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>43,770</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,457,143</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 Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants and other shared revenue	\$ 482,477	438,727	338,623	(100,104)
Total revenues	<u>482,477</u>	<u>438,727</u>	<u>338,623</u>	<u>(100,104)</u>
<b>EXPENDITURES</b>				
HOME administration	63,607	46,533	63,157	(16,624)
Multi-family housing	359,759	325,730	144,118	181,612
Community housing development	102,788	93,067	—	93,067
Total expenditures	<u>526,154</u>	<u>465,330</u>	<u>207,275</u>	<u>258,055</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(43,677)</u>	<u>(26,603)</u>	131,348	<u>157,951</u>
Fund balance - beginning			7	
Increase (decrease) in prior year encumbrances			<u>(131,348)</u>	
Fund balance - ending			<u>\$ 7</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Rental Rehabilitation**  
**Year Ended June 30, 2022**

	<u><b>Rental Rehabilitation</b></u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 338,623
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 338,623</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 207,275
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(111,451)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>242,799</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 338,623</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 8,770,391	8,770,391	9,358,341	587,950
Use tax	224,000	138,000	197,924	59,924
Grants and other shared revenue	—	—	135,456	135,456
Investment income	41,000	77,000	88,674	11,674
Other revenue	—	—	320,705	320,705
Total revenues	<u>9,035,391</u>	<u>8,985,391</u>	<u>10,101,100</u>	<u>1,115,709</u>
<b>EXPENDITURES</b>				
Street Maintenance	1,166,177	1,166,177	943,616	222,561
Debt Service	474,576	474,576	474,575	1
Capital Outlay	6,486,836	23,139,231	13,244,124	9,895,107
Total expenditures	<u>8,127,589</u>	<u>24,779,984</u>	<u>14,662,315</u>	<u>10,117,669</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	—	—	429,211	429,211
Transfers out	—	(401)	(401)	—
Total other financing sources (uses)	<u>—</u>	<u>(401)</u>	<u>428,810</u>	<u>429,211</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 907,802</u>	<u>(15,794,994)</u>	<u>(4,132,405)</u>	<u>11,662,589</u>
Fund balance - beginning			19,065,699	
Cancellation of prior year encumbrances			64,205	
Investment market value change			(315,364)	
Increase (decrease) in prior year encumbrances			7,822,870	
Fund balance - ending			<u>\$ 22,505,005</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Street Improvements Sales Tax Fund**  
**Year Ended June 30, 2022**

	<u>Street Improvements Sales Tax</u>
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 10,101,100
Basis differences – budget to GAAP:	
Investment Market Value Change	(315,364)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>9,785,736</u>
Uses/Outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 14,662,315
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(9,402,195)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	1,515,120
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>6,775,240</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**  
**Parks Improvements Sales Tax Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 4,385,212	4,385,212	4,679,176	293,964
Use tax	112,000	69,000	98,939	29,939
Charges for services	519,752	519,752	531,158	11,406
Investment income	18,180	40,000	35,780	(4,220)
Other revenue	2,513	2,513	28,287	25,774
Total revenues	<u>5,037,657</u>	<u>5,016,477</u>	<u>5,373,340</u>	<u>356,863</u>
<b>EXPENDITURES</b>				
Culture and Recreation	4,373,936	4,373,936	3,866,668	507,268
Debt Service	207,214	221,374	67,299	154,075
Capital Outlay	506,000	1,394,608	513,955	880,653
Total expenditures	<u>5,087,150</u>	<u>5,989,918</u>	<u>4,447,922</u>	<u>1,541,996</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	240,092	240,092	1,617,285	1,377,193
Transfers out	—	(50,900)	(50,900)	—
Total other financing sources (uses)	<u>240,092</u>	<u>189,192</u>	<u>1,566,385</u>	<u>1,377,193</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 190,599</u>	<u>(784,249)</u>	2,491,803	<u>3,276,052</u>
Fund balance - beginning			837,314	
Cancellation of prior year encumbrances			50,521	
Investment market value change			(84,809)	
Increase (decrease) in prior year encumbrances			(76,337)	
Fund balance - ending			<u>\$ 3,218,492</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Park Improvements Sales Tax Fund**  
**Year Ended June 30, 2022**

	<u><b>Park Improvements Sales Tax</b></u>
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 5,373,340
Basis differences – budget to GAAP:	
Investment Market Value Change	(84,809)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 5,288,531</u>
Uses/Outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,447,922
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(161,728)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	187,544
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,473,738</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 4,385,212	4,385,212	4,679,176	293,964
Use tax	112,000	69,000	98,939	29,939
Grants and other shared revenue	—	—	246,654	246,654
Investment income	132,000	164,000	141,696	(22,304)
Other revenue	7,820	7,820	191,369	183,549
Total revenues	<u>4,637,032</u>	<u>4,626,032</u>	<u>5,357,834</u>	<u>731,802</u>
<b>EXPENDITURES</b>				
Storm Water				
Administration	272,856	272,856	202,057	70,799
Maintenance	2,381,657	2,517,657	2,268,365	249,292
Permit completion	318,000	318,000	300,100	17,900
Debt Service	—	—	694	(694)
Capital Outlay	1,760,000	5,260,306	2,733,867	2,526,439
Total expenditures	<u>4,732,513</u>	<u>8,368,819</u>	<u>5,505,083</u>	<u>2,863,736</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources - leases	—	—	2,223	2,223
Transfers out	—	(44,036)	(44,036)	—
Total other financing sources (uses)	<u>—</u>	<u>(44,036)</u>	<u>(41,813)</u>	<u>2,223</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (95,481)</u>	<u>(3,786,823)</u>	<u>(189,062)</u>	<u>3,597,761</u>
Fund balance - beginning			10,680,007	
Cancellation of prior year encumbrances			259,163	
Investment market value change			(332,687)	
Increase (decrease) in prior year encumbrances			737,374	
Fund balance - ending			<u>\$ 11,154,795</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Storm Water Sales Tax Fund**  
**Year Ended June 30, 2022**

	<b>Storm Water Sales Tax</b>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 5,357,834
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	(332,687)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 5,025,147
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 5,505,083
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,367,294)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	370,757
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 4,508,546

(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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 2,358,694	2,358,694	2,513,756	155,062
Use tax	56,000	35,000	49,282	14,282
Investment income	37,000	37,000	31,071	(5,929)
Other revenue	7,507	7,507	83,542	76,035
Total revenues	<u>2,459,201</u>	<u>2,438,201</u>	<u>2,677,651</u>	<u>239,450</u>
<b>EXPENDITURES</b>				
Public Safety				
Communications	675,922	675,922	637,635	38,287
Facilities	104,500	104,500	95,209	9,291
Equipment	1,924,697	1,924,697	1,691,442	233,255
Debt Service	—	—	18,972	(18,972)
Total expenditures	<u>2,705,119</u>	<u>2,705,119</u>	<u>2,443,258</u>	<u>261,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	—	(3,440)	(3,440)	—
Total other financing sources (uses)	<u>—</u>	<u>(3,440)</u>	<u>(3,440)</u>	<u>—</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (245,918)</u>	<u>(270,358)</u>	230,953	<u>501,311</u>
Fund balance - beginning			2,357,485	
Cancellation of prior year encumbrances			3,989	
Investment market value change			(76,788)	
Increase (decrease) in prior year encumbrances			277,785	
Fund balance - ending			<u>\$ 2,793,424</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Police Public Safety Sales Tax Fund**  
**Year Ended June 30, 2022**

	<u><b>Police Public Safety Sales Tax</b></u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,677,651
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	<u>(76,788)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 2,600,863</u></u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,443,258
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(341,010)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>59,236</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 2,161,484</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 Protection Sales Tax**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 2,192,486	2,192,486	3,459,833	1,267,347
Use tax	56,000	35,000	260,174	225,174
Investment income	17,000	29,000	22,757	(6,243)
Other revenue	6,000	28,605	54,006	25,401
Total revenues	<u>2,271,486</u>	<u>2,285,091</u>	<u>3,796,770</u>	<u>1,511,679</u>
<b>EXPENDITURES</b>				
Fire	1,528,693	1,551,298	1,601,787	(50,489)
Debt Service	73,236	73,236	73,235	1
Capital Outlay	1,235,000	1,235,000	1,117,568	117,432
Total expenditures	<u>2,836,929</u>	<u>2,859,534</u>	<u>2,792,590</u>	<u>66,944</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (565,443)</u>	<u>(574,443)</u>	1,004,180	<u>1,578,623</u>
Fund balance - beginning			2,112,058	
Cancellation of prior year encumbrances			206,774	
Investment market value change			(33,317)	
Increase (decrease) in prior year encumbrances			<u>(1,165,350)</u>	
Fund balance - ending			<u>\$ 2,124,345</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Fire Protection Sales Tax Fund**  
**Year Ended June 30, 2022**

	<u><b>Fire Protection Sales Tax</b></u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 3,796,770
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	(33,317)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 3,763,453</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,792,590
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(269,248)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>1,227,824</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 3,751,166</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants and other shared revenue	\$ 1,343,409	7,725,222	3,344,964	(4,380,258)
Charges for services	105,103	327,864	222,760	(105,104)
Other revenue	—	130,961	349	(130,612)
Total revenues	<u>1,448,512</u>	<u>8,184,047</u>	<u>3,568,073</u>	<u>(4,615,974)</u>
<b>EXPENDITURES</b>				
Law	138,063	247,282	28,398	218,884
Community Development	500,000	2,493,346	982,926	1,510,420
Police	422,758	3,206,917	1,790,771	1,416,146
Fire	—	209,830	187,885	21,945
Health and Animal Services	375,721	1,214,738	421,023	793,715
Culture and Recreation	—	227,569	85,355	142,214
Debt Service	—	—	827	(827)
Total expenditures	<u>1,436,542</u>	<u>7,599,682</u>	<u>3,497,185</u>	<u>4,102,497</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources - leases	—	—	4,018	4,018
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>4,018</u>	<u>4,018</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 11,970</u>	<u>584,365</u>	74,906	<u>(509,459)</u>
Fund balance - beginning			—	
Cancellation of prior year encumbrances			41,157	
Increase (decrease) in prior year encumbrances			<u>(116,063)</u>	
Fund balance - ending			<u>\$ —</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Grants Fund**  
**Year Ended June 30, 2022**

	<b>Grants</b>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 3,568,073
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 3,568,073
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,497,185
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(56,999)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	131,905
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 3,572,091

(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**  
**American Rescue Plan Act Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants and other shared revenue	\$ —	10,742,962	9,471,837	(1,271,125)
Total revenues	<u>—</u>	<u>10,742,962</u>	<u>9,471,837</u>	<u>(1,271,125)</u>
<b>EXPENDITURES</b>				
American Rescue Plan	<u>—</u>	<u>3,353,677</u>	<u>2,310,565</u>	<u>1,043,112</u>
Total expenditures	<u>—</u>	<u>3,353,677</u>	<u>2,310,565</u>	<u>1,043,112</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>—</u>	<u>(7,389,285)</u>	<u>(7,389,285)</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>(7,389,285)</u>	<u>(7,389,285)</u>	<u>—</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ —</u>	<u>—</u>	<u>(228,013)</u>	<u>(228,013)</u>
Fund balance - beginning			—	
Increase (decrease) in prior year encumbrances			<u>228,013</u>	
Fund balance - ending			<u>\$ —</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**American Rescue Plan Act Fund**  
**Year Ended June 30, 2022**

**American Rescue  
Plan Act**

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 9,471,837
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 9,471,837
Uses/Outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,310,565
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(228,013)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 2,082,552

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Comparison Schedule**  
**Animal Services Use Tax Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use tax	\$ 762,750	762,750	762,750	—
Investment income	—	3,000	2,804	(196)
Total revenues	<u>762,750</u>	<u>765,750</u>	<u>765,554</u>	<u>(196)</u>
<b>EXPENDITURES</b>				
Animal Services	<u>728,545</u>	<u>728,545</u>	<u>704,376</u>	<u>24,169</u>
Total expenditures	<u>728,545</u>	<u>728,545</u>	<u>704,376</u>	<u>24,169</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>34,205</u>	<u>37,205</u>	61,178	<u>23,973</u>
Fund balance - beginning			156,017	
Cancellation of prior year encumbrances			1,437	
Investment market value change			(8,034)	
Increase (decrease) in prior year encumbrances			(2,895)	
Fund balance - ending			<u>\$ 207,703</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Animal Services Use Tax Fund**  
**Year Ended June 30, 2022**

	<u>Animal Services Use Tax</u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 765,554
Basis differences – budget to GAAP:	
Investment Market Value Change	(8,034)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 757,520</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 704,376
Basis differences – budget to GAAP:	
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	1,458
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 705,834</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 Use Tax Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use tax	\$ 3,032,000	4,000,000	4,000,000	—
Investment income	7,000	59,000	57,097	(1,903)
Total revenues	<u>3,039,000</u>	<u>4,059,000</u>	<u>4,057,097</u>	<u>(1,903)</u>
<b>EXPENDITURES</b>				
Police	2,258,155	1,766,157	1,587,190	178,967
Capital Outlay	—	1,052,998	845,824	207,174
Total expenditures	<u>2,258,155</u>	<u>2,819,155</u>	<u>2,433,014</u>	<u>386,141</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	—	(407,000)	(407,000)	—
Total other financing sources (uses)	<u>—</u>	<u>(407,000)</u>	<u>(407,000)</u>	<u>—</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 780,845</u>	<u>832,845</u>	1,217,083	<u>384,238</u>
Fund balance - beginning			3,546,493	
Investment market value change			(177,436)	
Increase (decrease) in prior year encumbrances			757,305	
Fund balance - ending			<u>\$ 5,343,445</u>	

**CITY OF INDEPENDENCE, MISSOURI  
 Budgetary Basis Reconciliation Schedule  
 Police Use Tax Fund  
 Year Ended June 30, 2022**

	<b>Police Use Tax</b>
	<u>                    </u>
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,057,097
Basis differences – budget to GAAP:	
None	<u>(177,436)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>3,879,661</u></u>
Uses/Outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,433,014
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	<u>(757,305)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,675,709</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**  
**Health Property Tax Levy Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real estate tax	\$ 870,000	870,000	851,582	(18,418)
Licenses and permits	366,432	418,282	379,708	(38,574)
Grants and other shared revenue	—	—	17	17
Charges for services	150,000	165,835	138,115	(27,720)
Investment income	—	—	5,706	5,706
Other revenue	—	—	21,587	21,587
Total revenues	<u>1,386,432</u>	<u>1,454,117</u>	<u>1,396,715</u>	<u>(57,402)</u>
<b>EXPENDITURES</b>				
Health Services	778,674	803,674	698,027	105,647
Animal Services	884,518	893,353	908,908	(15,555)
Debt Service	—	—	276	(276)
Total expenditures	<u>1,663,192</u>	<u>1,697,027</u>	<u>1,607,211</u>	<u>89,816</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources - leases	—	—	1,339	1,339
Operating transfers in	—	25,000	325,000	300,000
Total other financing sources (uses)	<u>—</u>	<u>25,000</u>	<u>326,339</u>	<u>301,339</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (276,760)</u>	<u>(217,910)</u>	115,843	<u>333,753</u>
Fund balance - beginning			96,049	
Cancellation of prior year encumbrances			841	
Investment market value change			(4,554)	
Increase (decrease) in prior year encumbrances			(42,684)	
Fund balance - ending			<u>\$ 165,495</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Health Property Tax Levy Fund**  
**Year Ended June 30, 2022**

	<u><b>Health Property Tax Levy</b></u>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,396,715
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	(4,554)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,392,161</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,607,211
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(446)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	42,289
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,649,054</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**  
**Parks and Recreation Property Tax Levy Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real estate tax	\$ 1,850,000	1,850,000	1,809,613	(40,387)
Grants and other shared revenue	65,985	65,985	52,511	(13,474)
Charges for services	230,746	230,746	180,824	(49,922)
Investment income	100	9,000	16,628	7,628
Other revenue	—	—	46,214	46,214
Total revenues	<u>2,146,831</u>	<u>2,155,731</u>	<u>2,105,790</u>	<u>(49,941)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	<u>2,099,104</u>	<u>2,223,679</u>	<u>1,920,452</u>	<u>303,227</u>
Total expenditures	<u>2,099,104</u>	<u>2,223,679</u>	<u>1,920,452</u>	<u>303,227</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 47,727</u>	<u>(67,948)</u>	185,338	<u>253,286</u>
Fund balance - beginning			416,744	
Cancellation of prior year encumbrances			6,156	
Investment market value change			(20,750)	
Increase (decrease) in prior year encumbrances			<u>(5,711)</u>	
Fund balance - ending			<u>\$ 581,777</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
**Budgetary Basis Reconciliation Schedule**  
**Parks and Recreation Property Tax Levy Fund**  
**Year Ended June 30, 2022**

	<b>Parks and Recreation Property Tax Levy</b>
<b>Sources/Inflows of Resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,105,790
<b>Basis differences – budget to GAAP:</b>	
Investment Market Value Change	(20,750)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,085,040</u>
<b>Uses/Outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,920,452
<b>Basis differences – budget to GAAP:</b>	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(445)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,920,007</u></u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Balance Sheet**  
**Nonmajor Sales Tax Funds**  
**June 30, 2022**

	Street Improvements Sales Tax	Parks Improvements Sales Tax	Storm Water Sales Tax	Police Public Safety Sales Tax	Fire Protection Sales Tax	Total (Exhibit 16)
<b>ASSETS</b>						
Pooled cash and investments	\$ 9,376,863	2,596,281	10,115,319	2,334,924	1,021,011	25,444,398
Receivables:						
Taxes	1,722,015	860,985	860,985	465,593	1,163,015	5,072,593
Accounts, net	—	5,264	—	—	—	5,264
Accrued interest	19,591	5,268	20,669	4,769	2,070	52,367
Due from other funds	—	—	16,155	—	—	16,155
Due from other governments	135,456	—	246,655	—	—	382,111
Restricted cash and investments	11,420,319	—	—	—	—	11,420,319
Total assets	<u>\$ 22,674,244</u>	<u>3,467,798</u>	<u>11,259,783</u>	<u>2,805,286</u>	<u>2,186,096</u>	<u>42,393,207</u>
<b>LIABILITIES</b>						
Accounts and contracts payable	\$ 144,011	159,147	52,130	11,862	25,147	392,297
Accrued items	22,104	81,470	52,858	—	36,604	193,036
Other current liabilities	3,124	8,689	—	—	—	11,813
Total liabilities	<u>169,239</u>	<u>249,306</u>	<u>104,988</u>	<u>11,862</u>	<u>61,751</u>	<u>597,146</u>
<b>FUND BALANCES</b>						
Restricted	22,505,005	3,218,492	11,154,795	2,793,424	2,124,345	41,796,061
Total fund balances	<u>22,505,005</u>	<u>3,218,492</u>	<u>11,154,795</u>	<u>2,793,424</u>	<u>2,124,345</u>	<u>41,796,061</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 22,674,244</u>	<u>3,467,798</u>	<u>11,259,783</u>	<u>2,805,286</u>	<u>2,186,096</u>	<u>42,393,207</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Sales Tax Funds**  
**Year Ended June 30, 2022**

	Street Improvements Sales Tax	Parks Improvements Sales Tax	Storm Water Sales Tax	Police Public Safety Sales Tax	Fire Protection Sales Tax	Total (Exhibit 17)
<b>REVENUES</b>						
Taxes	\$ 9,556,265	4,778,115	4,778,115	2,563,038	3,720,007	25,395,540
Intergovernmental	135,456	—	246,654	—	—	382,110
Charges for services	—	531,158	—	—	—	531,158
Investment income (loss)	(226,690)	(49,029)	(190,991)	(45,717)	(10,560)	(522,987)
Other revenue	320,705	28,287	191,369	83,542	54,006	677,909
Total revenues	<u>9,785,736</u>	<u>5,288,531</u>	<u>5,025,147</u>	<u>2,600,863</u>	<u>3,763,453</u>	<u>26,463,730</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	—	—	—	2,142,512	3,677,931	5,820,443
Municipal Services - Public Works	864,166	—	—	—	—	864,166
Culture and Recreation	—	3,932,090	—	—	—	3,932,090
Storm Water	—	—	2,657,126	—	—	2,657,126
Capital Outlay	5,436,499	474,349	1,850,726	—	—	7,761,574
Debt service:						
Principal	35,266	—	678	18,972	63,191	118,107
Interest and fiscal agent fees	439,309	67,299	16	—	10,044	516,668
Total expenditures	<u>6,775,240</u>	<u>4,473,738</u>	<u>4,508,546</u>	<u>2,161,484</u>	<u>3,751,166</u>	<u>21,670,174</u>
Excess of revenues over expenditures	<u>3,010,496</u>	<u>814,793</u>	<u>516,601</u>	<u>439,379</u>	<u>12,287</u>	<u>4,793,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease proceeds	—	—	2,223	—	—	2,223
Transfers in	429,211	1,617,285	—	—	—	2,046,496
Transfers out	(401)	(50,900)	(44,036)	(3,440)	—	(98,777)
Total other financing sources (uses)	<u>428,810</u>	<u>1,566,385</u>	<u>(41,813)</u>	<u>(3,440)</u>	<u>—</u>	<u>1,949,942</u>
Net change in fund balances	3,439,306	2,381,178	474,788	435,939	12,287	6,743,498
Fund balances - beginning	19,065,699	837,314	10,680,007	2,357,485	2,112,058	35,052,563
Fund balances - ending	<u>\$ 22,505,005</u>	<u>3,218,492</u>	<u>11,154,795</u>	<u>2,793,424</u>	<u>2,124,345</u>	<u>41,796,061</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
**June 30, 2022**

	Street Improvements	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 14)
<b>ASSETS</b>						
Pooled cash and investments	\$ 77,163	21,170	306,598	—	31,655	436,586
Receivables:						
Special assessment principal	371,009	—	—	—	—	371,009
Accrued interest	158	43	626	—	65	892
Due from other governments	—	—	9,513	—	—	9,513
Total assets	<u>\$ 448,330</u>	<u>21,213</u>	<u>316,737</u>	<u>—</u>	<u>31,720</u>	<u>818,000</u>
<b>LIABILITIES</b>						
Accounts and contracts payable	\$ —	—	319,980	—	—	319,980
Due to other funds	—	—	—	16,155	—	16,155
Other current liabilities	—	—	—	—	840	840
Total liabilities	<u>—</u>	<u>—</u>	<u>319,980</u>	<u>16,155</u>	<u>840</u>	<u>336,975</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - special assessments	371,009	—	—	—	—	371,009
Total deferred inflows of resources	<u>371,009</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>371,009</u>
Total liabilities and deferred inflows of resources	<u>371,009</u>	<u>—</u>	<u>319,980</u>	<u>16,155</u>	<u>840</u>	<u>707,984</u>
<b>FUND BALANCES</b>						
Committed	77,321	21,213	—	—	30,880	129,414
Unassigned	—	—	(3,243)	(16,155)	—	(19,398)
Total fund balances (deficit)	<u>77,321</u>	<u>21,213</u>	<u>(3,243)</u>	<u>(16,155)</u>	<u>30,880</u>	<u>110,016</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 448,330</u>	<u>21,213</u>	<u>316,737</u>	<u>—</u>	<u>31,720</u>	<u>818,000</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year Ended June 30, 2022**

	Street Improvements	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 15)
<b>REVENUES</b>						
Intergovernmental	\$ —	—	9,513	—	—	9,513
Charges for services	10,498	—	—	—	—	10,498
Investment income (loss)	(1,813)	(391)	(6,449)	—	(586)	(9,239)
Other revenue	—	—	100,800	—	—	100,800
Total revenues	<u>8,685</u>	<u>(391)</u>	<u>103,864</u>	<u>—</u>	<u>(586)</u>	<u>111,572</u>
<b>EXPENDITURES</b>						
Current:						
Municipal Services - Public Works	32	9	129	—	—	170
Culture and Recreation	—	—	—	—	13	13
Capital Outlay	33,756	—	1,009,611	—	—	1,043,367
Total expenditures	<u>33,788</u>	<u>9</u>	<u>1,009,740</u>	<u>—</u>	<u>13</u>	<u>1,043,550</u>
Excess (deficiency) of revenues over expenditures	<u>(25,103)</u>	<u>(400)</u>	<u>(905,876)</u>	<u>—</u>	<u>(599)</u>	<u>(931,978)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	150,248	—	944,691	—	—	1,094,939
Transfers out	(84,818)	—	(44,393)	—	—	(129,211)
Total other financing sources	<u>65,430</u>	<u>—</u>	<u>900,298</u>	<u>—</u>	<u>—</u>	<u>965,728</u>
Net change in fund balances	40,327	(400)	(5,578)	—	(599)	33,750
Fund balances (deficit)- beginning	36,994	21,613	2,335	(16,155)	31,479	76,266
Fund balances (deficit) - ending	<u>\$ 77,321</u>	<u>21,213</u>	<u>(3,243)</u>	<u>(16,155)</u>	<u>30,880</u>	<u>110,016</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Balance Sheet**  
**Component Unit - Tax Increment Financing**  
**June 30, 2022**

	<u>Midtown Truman TIF</u>	<u>Santa Fe TIF</u>	<u>Hartman Heritage TIF</u>	<u>Drumm Farm Golf Course TIF</u>	<u>Eastland Center TIF</u>	<u>North Indep Improvements TIF</u>	<u>Mt Washington TIF</u>	<u>Crackerneck Creek/Bass Pro TIF</u>	<u>Old Landfill TIF</u>	<u>Trinity Development TIF</u>	<u>HCA Centerpoint TIF</u>	<u>Cinema East TIF</u>
<b>ASSETS</b>												
Pooled cash and investments	\$ 1,591	—	—	1,557,233	13,116,783	6,737	35,974	4,271,243	6,565	42,768	935,456	35,890
Receivables:												
Taxes	—	33,019	23,000	—	2,683,081	52,688	—	678,433	666,150	309,288	4,385,584	126,310
Accounts, net	—	—	—	—	—	—	—	67,297	—	—	—	—
Accrued interest	—	—	—	—	34,256	—	—	5,205	—	—	1,911	—
Leases	—	—	—	—	—	—	—	3,869,983	—	—	—	—
Due from other funds	—	—	—	—	3,651,109	—	—	—	—	—	—	—
Due from other governments	—	7,821	—	—	161,541	874	—	170,432	840	3,348	1,363	3,952
Restricted cash and investments	—	483,752	—	—	390,669	—	—	6,300,063	—	—	3,348,894	—
Total assets	\$ 1,591	524,592	23,000	1,557,233	20,037,439	60,299	35,974	15,362,656	673,555	355,404	8,673,208	166,152
<b>LIABILITIES</b>												
Accounts and contracts payable	\$ 1,591	—	—	1,557,233	—	—	35,974	—	—	—	1,250	—
Due to other funds	—	934,167	2,716,942	—	—	—	—	2,166	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	1,591	934,167	2,716,942	1,557,233	—	—	35,974	2,166	—	—	1,250	—
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable revenue - real estate taxes	—	32,659	—	—	2,386,581	50,188	—	495,627	664,095	300,788	4,382,684	112,910
Unavailable revenue - leases	—	—	—	—	—	—	—	3,869,983	—	—	—	—
Total deferred inflows of resources	—	32,659	—	—	2,386,581	50,188	—	4,365,610	664,095	300,788	4,382,684	112,910
Total liabilities and deferred inflows of resources	1,591	966,826	2,716,942	1,557,233	2,386,581	50,188	35,974	4,367,776	664,095	300,788	4,383,934	112,910
<b>FUND BALANCES</b>												
Restricted	—	—	—	—	17,650,858	10,111	—	10,994,880	9,460	54,616	4,289,274	53,242
Unassigned	—	(442,234)	(2,693,942)	—	—	—	—	—	—	—	—	—
Total fund balances (deficit)	—	(442,234)	(2,693,942)	—	17,650,858	10,111	—	10,994,880	9,460	54,616	4,289,274	53,242
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,591	524,592	23,000	1,557,233	20,037,439	60,299	35,974	15,362,656	673,555	355,404	8,673,208	166,152

See accompanying notes to financial statements.

	23rd & Noland Project 1 TIF	23rd & Noland Project 2 TIF	23rd & Noland Project 3 TIF	23rd & Noland Project 4 TIF	Independence Square TIF	Little Blue Parkway 1 TIF	Little Blue Parkway 3 TIF	Marketplace Shopping Ctr TIF	Marketplace Shopping Ctr 2 TIF	TIF Supplemental Appropriations	Reclassifications	Total
<b>ASSETS</b>												
Pooled cash and investments	\$ 148,146	4,552	662	652	765,598	44,023	110,693	24,772	22,103	334,400	—	21,465,841
Receivables:												
Taxes	38,326	7,007	12,703	105,213	272,027	1,105,080	202,336	50,158	67,043	236	—	10,817,682
Accounts, net	—	—	—	—	—	—	—	—	—	—	—	67,297
Accrued interest	—	—	67	1,120	1,564	2,682	855	—	—	—	—	47,660
Leases	—	—	—	—	—	—	—	—	—	—	—	3,869,983
Due from other funds	—	—	—	—	—	—	—	—	—	—	(3,651,109)	—
Due from other governments	9,216	2,040	4,461	53,325	—	49,676	4,863	57,550	4,769	—	—	536,071
Restricted cash and investments	—	—	—	—	—	—	—	—	—	—	—	10,523,378
Total assets	\$ 195,688	13,599	17,893	160,310	1,039,189	1,201,461	318,747	132,480	93,915	334,636	(3,651,109)	47,327,912
<b>LIABILITIES</b>												
Accounts and contracts payable	\$ —	—	—	—	—	—	—	—	—	—	—	1,596,048
Due to other funds	—	—	—	—	—	—	—	—	—	—	(3,651,109)	2,166
Due to other governments	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	—	—	—	—	(3,651,109)	1,598,214
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable revenue - real estate taxes	38,326	5,557	10,003	70,413	270,527	1,005,480	193,336	40,358	61,243	—	—	10,120,775
Unavailable revenue - leases	—	—	—	—	—	—	—	—	—	—	—	3,869,983
Total deferred inflows of resources	38,326	5,557	10,003	70,413	270,527	1,005,480	193,336	40,358	61,243	—	—	13,990,758
Total liabilities and deferred inflows of resources	38,326	5,557	10,003	70,413	270,527	1,005,480	193,336	40,358	61,243	—	(3,651,109)	15,588,972
<b>FUND BALANCES</b>												
Restricted	157,362	8,042	7,890	89,897	768,662	195,981	125,411	92,122	32,672	334,636	—	34,875,116
Unassigned	—	—	—	—	—	—	—	—	—	—	—	(3,136,176)
Total fund balances (deficit)	157,362	8,042	7,890	89,897	768,662	195,981	125,411	92,122	32,672	334,636	—	31,738,940
Total liabilities, deferred inflows of resources, and fund balance	\$ 195,688	13,599	17,893	160,310	1,039,189	1,201,461	318,747	132,480	93,915	334,636	(3,651,109)	47,327,912

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Component Unit - Tax Increment Financing**  
**Year Ended June 30, 2022**

	Midtown Truman TIF	Santa Fe TIF	Hartman Heritage TIF	Drumm Farm Golf Course TIF	Eastland Center TIF	North Indep Improvements TIF	Mt Washington TIF	Crackerneck Creek/Bass Pro TIF	Old Landfill TIF	Trinity Development TIF	HCA Centerpoint TIF	Cinema East TIF
<b>REVENUES</b>												
Taxes	\$ —	31,388	308,767	—	6,202,183	23,302	—	2,222,393	699,430	455,048	4,531,917	275,340
Investment income (loss)	(221)	(52,496)	—	(47,436)	24,481	29	(8,595)	(73,081)	142	80	(23,466)	46
Other revenue	—	97,606	—	—	—	—	—	988,799	—	—	—	—
Total revenues	<u>(221)</u>	<u>76,498</u>	<u>308,767</u>	<u>(47,436)</u>	<u>6,226,664</u>	<u>23,331</u>	<u>(8,595)</u>	<u>3,138,111</u>	<u>699,572</u>	<u>455,128</u>	<u>4,508,451</u>	<u>275,386</u>
<b>EXPENDITURES</b>												
Current:												
Tax Increment Financing	1,353	7,677	3,082	1,532,499	336,495	25,154	40,853	69,142	699,966	469,872	1,699,685	302,460
Debt service:												
Principal	—	205,000	—	—	3,980,000	—	—	1,735,000	—	—	2,200,000	—
Interest and fiscal agent fees	—	327,938	—	—	161,000	—	—	2,939,801	—	—	863,950	—
Total expenditures	<u>1,353</u>	<u>540,615</u>	<u>3,082</u>	<u>1,532,499</u>	<u>4,477,495</u>	<u>25,154</u>	<u>40,853</u>	<u>4,743,943</u>	<u>699,966</u>	<u>469,872</u>	<u>4,763,635</u>	<u>302,460</u>
Excess (deficiency) of revenues over expenditures	<u>(1,574)</u>	<u>(464,117)</u>	<u>305,685</u>	<u>(1,579,935)</u>	<u>1,749,169</u>	<u>(1,823)</u>	<u>(49,448)</u>	<u>(1,605,832)</u>	<u>(394)</u>	<u>(14,744)</u>	<u>(255,184)</u>	<u>(27,074)</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	—	579,500	—	—	1,130,622	—	—	1,578,000	—	44,047	9,268	—
Transfers out	—	—	—	—	(1,130,622)	—	—	—	—	(44,047)	(9,268)	—
Total other financing sources (uses)	<u>—</u>	<u>579,500</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,578,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	(1,574)	115,383	305,685	(1,579,935)	1,749,169	(1,823)	(49,448)	(27,832)	(394)	(14,744)	(255,184)	(27,074)
Fund balances (deficit) - beginning	1,574	(557,617)	(2,999,627)	1,579,935	15,901,689	11,934	49,448	11,022,712	9,854	69,360	4,544,458	80,316
Fund balances (deficit) - ending	<u>\$ —</u>	<u>(442,234)</u>	<u>(2,693,942)</u>	<u>—</u>	<u>17,650,858</u>	<u>10,111</u>	<u>—</u>	<u>10,994,880</u>	<u>9,460</u>	<u>54,616</u>	<u>4,289,274</u>	<u>53,242</u>

See accompanying notes to financial statements.

	23rd & Noland Project 1 TIF	23rd & Noland Project 2 TIF	23rd & Noland Project 3 TIF	23rd & Noland Project 4 TIF	Independence Square TIF	Little Blue Parkway 1 TIF	Little Blue Parkway 3 TIF	Marketplace Shopping Ctr TIF	Marketplace Shopping Ctr 2 TIF	TIF Supplemental Appropriations	Total
<b>REVENUES</b>											
Taxes	\$ 86,136	18,109	34,483	587,481	271,091	1,431,689	342,418	155,126	135,258	329,807	18,141,366
Investment income (loss)	226	247	(521)	(11,833)	(3,271)	(18,945)	(8,804)	22	25	4,829	(218,542)
Other revenue	—	—	—	—	—	—	—	—	—	—	1,086,405
Total revenues	86,362	18,356	33,962	575,648	267,820	1,412,744	333,614	155,148	135,283	334,636	19,009,229
<b>EXPENDITURES</b>											
Current:											
Tax Increment Financing	1,840	33,574	810	11,813	147,730	206,380	6,729	125,828	137,055	—	5,859,997
Debt service:											
Principal	—	—	—	—	—	—	—	—	—	—	8,120,000
Interest and fiscal agent fees	—	—	—	—	—	—	—	—	—	—	4,292,689
Total expenditures	1,840	33,574	810	11,813	147,730	206,380	6,729	125,828	137,055	—	18,272,686
Excess (deficiency) of revenues over expenditures	84,522	(15,218)	33,152	563,835	120,090	1,206,364	326,885	29,320	(1,772)	334,636	736,543
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	—	—	—	—	—	—	—	—	—	—	3,341,437
Transfers out	—	—	(32,000)	(547,500)	—	(1,269,000)	(309,000)	—	—	—	(3,341,437)
Total other financing sources (uses)	—	—	(32,000)	(547,500)	—	(1,269,000)	(309,000)	—	—	—	—
Net change in fund balances	84,522	(15,218)	1,152	16,335	120,090	(62,636)	17,885	29,320	(1,772)	334,636	736,543
Fund balances (deficit) - beginning	72,840	23,260	6,738	73,562	648,572	258,617	107,526	62,802	34,444	—	31,002,397
Fund balances (deficit) - ending	\$ 157,362	8,042	7,890	89,897	768,662	195,981	125,411	92,122	32,672	334,636	31,738,940

See accompanying notes to financial statements.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Internal Service Funds**

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

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

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

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

**Risk Management** – This fund is used to account for the costs of the City’s liability insurance and risk management claims.

**Enterprise Resource Planning** – This fund is used to account for the costs of the City’s Enterprise Resource Planning (ERP) computer system and Geographic Information System (GIS).

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	Total (Exhibit 5)
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 333,520	2,542,875	1,123,030	1,910,226	—	5,909,651
Receivables:						
Accounts, net	539	50,535	—	9,456	—	60,530
Accrued interest	664	—	2,294	3,902	—	6,860
Inventory	137,643	—	—	—	—	137,643
Prepaid items	—	—	409,949	—	—	409,949
Total current assets	<u>472,366</u>	<u>2,593,410</u>	<u>1,535,273</u>	<u>1,923,584</u>	<u>—</u>	<u>6,524,633</u>
Noncurrent assets:						
Capital Assets:						
Nondepreciable	93,979	—	—	—	—	93,979
Depreciable, net	55,789	—	—	—	4,692,996	4,748,785
Restricted cash and investments	—	—	200,609	—	—	200,609
Total noncurrent assets	<u>149,768</u>	<u>—</u>	<u>200,609</u>	<u>—</u>	<u>4,692,996</u>	<u>5,043,373</u>
Total assets	<u>622,134</u>	<u>2,593,410</u>	<u>1,735,882</u>	<u>1,923,584</u>	<u>4,692,996</u>	<u>11,568,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related amounts	20,325	—	—	—	18,392	38,717
Other post-employment benefits	116,479	—	—	—	77,325	193,804
Total deferred outflows of resources	<u>136,804</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>95,717</u>	<u>232,521</u>
Total assets and deferred outflows of resources	<u>\$ 758,938</u>	<u>2,593,410</u>	<u>1,735,882</u>	<u>1,923,584</u>	<u>4,788,713</u>	<u>11,800,527</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and contracts payable	\$ 100,316	—	8,343	170,181	2,736	281,576
Due to other funds	—	—	—	—	2,962,748	2,962,748
Accrued items	28,974	—	553	661	25,388	55,576
Compensated absences - current	44,939	—	—	—	58,165	103,104
OPEB liability	71,094	—	—	—	7,799	78,893
Self-insurance claims payable	—	1,464,200	2,014,077	—	—	3,478,277
Total current liabilities	<u>245,323</u>	<u>1,464,200</u>	<u>2,022,973</u>	<u>170,842</u>	<u>3,056,836</u>	<u>6,960,174</u>
Noncurrent liabilities:						
Compensated absences-long term	41,177	—	—	—	52,979	94,156
OPEB liability	1,498,527	—	—	—	164,397	1,662,924
Net pension liability	95,127	—	—	—	87,222	182,349
Self-insurance claims payable-nc	—	—	6,096,616	—	—	6,096,616
Total noncurrent liabilities	<u>1,634,831</u>	<u>—</u>	<u>6,096,616</u>	<u>—</u>	<u>304,598</u>	<u>8,036,045</u>
Total liabilities	<u>1,880,154</u>	<u>1,464,200</u>	<u>8,119,589</u>	<u>170,842</u>	<u>3,361,434</u>	<u>14,996,219</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	157,668	—	—	—	97,792	255,460
Other post-employment benefits	578,368	—	—	—	341,092	919,460
Total deferred inflows of resources	<u>736,036</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>438,884</u>	<u>1,174,920</u>
Total liabilities and deferred inflows of resources	<u>2,616,190</u>	<u>1,464,200</u>	<u>8,119,589</u>	<u>170,842</u>	<u>3,800,318</u>	<u>16,171,139</u>
<b>NET POSITION</b>						
Net investment in capital assets	139,370	—	—	—	4,692,996	4,832,366
Restricted for:						
Worker's Compensation escrow	—	—	200,609	—	—	200,609
Unrestricted	(1,996,622)	1,129,210	(6,584,316)	1,752,742	(3,704,601)	(9,403,587)
Total net position (deficit)	<u>(1,857,252)</u>	<u>1,129,210</u>	<u>(6,383,707)</u>	<u>1,752,742</u>	<u>988,395</u>	<u>(4,370,612)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 758,938</u>	<u>2,593,410</u>	<u>1,735,882</u>	<u>1,923,584</u>	<u>4,788,713</u>	<u>11,800,527</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2022**

	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	Total (Exhibit 6)
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,629,875	19,211,095	4,625,000	2,975,100	2,200,000	31,641,070
Miscellaneous operating	8,513	2,140,621	129,050	—	—	2,278,184
Total operating revenues	<u>2,638,388</u>	<u>21,351,716</u>	<u>4,754,050</u>	<u>2,975,100</u>	<u>2,200,000</u>	<u>33,919,254</u>
<b>OPERATING EXPENSES</b>						
Personnel services	1,247,389	389,540	12,841	12,841	1,357,767	3,020,378
Other services	970,392	23,803,652	2,777,670	2,520,882	713,553	30,786,149
Supplies	1,053,158	—	—	—	14,266	1,067,424
Depreciation and amortization	13,478	—	—	—	594,518	607,996
Total operating expenses	<u>3,284,417</u>	<u>24,193,192</u>	<u>2,790,511</u>	<u>2,533,723</u>	<u>2,680,104</u>	<u>35,481,947</u>
Operating income (loss)	<u>(646,029)</u>	<u>(2,841,476)</u>	<u>1,963,539</u>	<u>441,377</u>	<u>(480,104)</u>	<u>(1,562,693)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income (loss)	(5,271)	9,129	(28,141)	(41,788)	—	(66,071)
Miscellaneous non-operating	10,360	1,322,052	26,640	7	—	1,359,059
Total nonoperating revenues (expenses)	<u>5,089</u>	<u>1,331,181</u>	<u>(1,501)</u>	<u>(41,781)</u>	<u>—</u>	<u>1,292,988</u>
Income (loss) before transfers	<u>(640,940)</u>	<u>(1,510,295)</u>	<u>1,962,038</u>	<u>399,596</u>	<u>(480,104)</u>	<u>(269,705)</u>
Transfers in	—	2,350,000	—	—	—	2,350,000
Change in net position	<u>(640,940)</u>	<u>839,705</u>	<u>1,962,038</u>	<u>399,596</u>	<u>(480,104)</u>	<u>2,080,295</u>
Total net position (deficit) - beginning	<u>(1,216,312)</u>	<u>289,505</u>	<u>(8,345,745)</u>	<u>1,353,146</u>	<u>1,468,499</u>	<u>(6,450,907)</u>
Total net position (deficit) - ending	<u>\$ (1,857,252)</u>	<u>1,129,210</u>	<u>(6,383,707)</u>	<u>1,752,742</u>	<u>988,395</u>	<u>(4,370,612)</u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2022**

	Internal Service Funds					Total (Exhibit 7)
	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	
Cash Flows from Operations:						
Receipts from customers	\$ 2,648,928	22,634,385	4,780,690	2,965,651	2,200,000	35,229,654
Payments to suppliers	(1,935,775)	(24,005,122)	(3,884,452)	(2,356,791)	(656,596)	(32,838,736)
Payments to employees	(722,763)	(390,500)	(12,841)	(12,945)	(699,056)	(1,838,105)
Net cash provided by (used in) operating activities	(9,610)	(1,761,237)	883,397	595,915	844,348	552,813
Cash Flows from Noncapital Financing Activities:						
Transfers in	—	2,350,000	—	—	—	2,350,000
Advances from (to) other funds	—	—	—	—	(844,349)	(844,349)
Net cash provided by (used in) noncapital financing activities	—	2,350,000	—	—	(844,349)	1,505,651
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(36,908)	—	—	—	1	(36,907)
Net cash provided by (used in) capital and related financing activities	(36,908)	—	—	—	1	(36,907)
Cash Flows from Investing Activities:						
Interest on investments	6,153	9,129	7,316	21,958	—	44,556
Adjustment to market value	(10,688)	—	(36,925)	(62,815)	—	(110,428)
Net cash provided by (used in) investing activities	(4,535)	9,129	(29,609)	(40,857)	—	(65,872)
Net increase (decrease) in cash and cash equivalents	(51,053)	597,892	853,788	555,058	—	1,955,685
Cash and cash equivalents - beginning	384,573	1,944,983	469,851	1,355,168	—	4,154,575
Cash and cash equivalents - ending	\$ 333,520	2,542,875	1,323,639	1,910,226	—	6,110,260
Components of cash and short-term investments at end of fiscal year						
Unrestricted assets	333,520	2,542,875	1,123,030	1,910,226	—	5,909,651
Restricted assets	—	—	200,609	—	—	200,609
Pooled cash and investments	\$ 333,520	2,542,875	1,323,639	1,910,226	—	6,110,260
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (646,029)	(2,841,476)	1,963,539	441,377	(480,104)	(1,562,693)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	13,478	—	—	—	594,518	607,996
Miscellaneous revenue	10,360	1,322,052	26,640	7	—	1,359,059
Change in assets and liabilities:						
Accounts receivable	180	(39,383)	—	(9,456)	—	(48,659)
Inventory	58,919	—	—	—	—	58,919
Prepaid items	—	—	(409,949)	—	—	(409,949)
Net pension asset	260,184	—	—	—	501,894	762,078
Deferred outflows	118,873	—	—	—	65,775	184,648
Accounts and contracts payable	28,856	(20,000)	268	164,091	(15,999)	157,216
Accrued liabilities	14,669	(182,430)	10,879	(104)	(12,989)	(169,975)
Other post-employment benefits and net pension liability	(94,850)	—	—	—	(33,170)	(128,020)
Self-insurance claims payable	—	—	(707,980)	—	87,222	(620,758)
Compensated absences	1,288	—	—	—	111,144	112,432
Deferred inflows	224,462	—	—	—	26,057	250,519
Total adjustments	636,419	1,080,239	(1,080,142)	154,538	1,324,452	2,115,506
Net cash provided by (used in) operating activities	\$ (9,610)	(1,761,237)	883,397	595,915	844,348	552,813

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2022**

	<u>Flexible Benefit Plan</u>	<u>Susie Block Trust</u>	<u>Senior Travel Program</u>	<u>Total</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 182,315	35,367	26,802	244,484
Accrued interest receivable	—	513	56	569
Total assets	<u>182,315</u>	<u>35,880</u>	<u>26,858</u>	<u>245,053</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals and organizations	182,315	35,880	26,858	245,053
Total net position	<u>\$ 182,315</u>	<u>35,880</u>	<u>26,858</u>	<u>245,053</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**Year Ended June 30, 2022**

	<u>Flexible Benefit Plan</u>	<u>Susie Block Trust</u>	<u>Senior Travel Program</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions	\$ 431,780	—	6,968	438,748
Interest on investments	1,306	1,156	(544)	1,918
Total additions	<u>433,086</u>	<u>1,156</u>	<u>6,424</u>	<u>440,666</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	420,528	—	5,256	425,784
Award distribution	—	1,000	—	1,000
Total deductions	<u>420,528</u>	<u>1,000</u>	<u>5,256</u>	<u>426,784</u>
Change in net position	12,558	156	1,168	13,882
Net position - beginning	169,757	35,724	25,690	231,171
Net position - ending	<u>\$ 182,315</u>	<u>35,880</u>	<u>26,858</u>	<u>245,053</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedules of Operating Expenses – Power and Light Fund**  
**Years Ended June 30, 2022 and 2021**

	2022			2021		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production Fuel:						
Gas			\$ 9,969,843			10,227,348
Oil			1,545,043			2,093,241
Total production fuel			11,514,886			12,320,589
Purchased Power:						
Purchased energy			21,035,787			19,128,674
Purchased capacity (net)			23,010,981			21,501,774
Border customers			62,928			68,071
Control and dispatching			2,893,147			2,883,033
Total purchased power			47,002,843			43,581,552
Production (Other):						
Blue Valley Station:						
Supervision and engineering	\$ 96,876	16,220	113,096	(552)	139,852	139,300
Steam	15,662	—	15,662	11,278	(80,656)	(69,378)
Electric	—	7,279	7,279	874	(26,289)	(25,415)
Structures and improvements	—	101,599	101,599	—	6,357	6,357
Allowance	—	—	—	—	—	—
Miscellaneous	236,582	14,135	250,717	193,764	855,763	1,049,527
	349,120	139,233	488,353	205,363	895,027	1,100,391
Combustion Turbine Station:						
Supervision and engineering	3,184,500	177,852	3,362,352	1,225,697	803,993	2,029,690
Generation expenses	362,881	1,218,650	1,581,531	1,438	869,982	871,420
Structures and improvements	—	28,833	28,833	—	73,933	73,933
Miscellaneous	60,640	171,162	231,802	52,343	478,476	530,819
	3,608,021	1,596,497	5,204,518	1,279,477	2,226,384	3,505,862
Total production (other)	\$ 3,957,141	1,735,730	5,692,871	1,484,841	3,121,412	4,606,253
Transmission and Distribution:						
Transmission:						
Supervision and engineering	\$ 292,375	20,046	312,421	329,008	15,276	344,284
Overhead expenses	398,764	2,260	401,024	171,148	915	172,063
Station expenses	(803)	25,298	24,495	5,975	52,488	58,462
Wheeling charges	—	—	—	—	—	—
Underground line expense	90,475	—	90,475	7	—	7
Structures and improvements	—	7,592	7,592	—	—	—
Miscellaneous	6,995,647	167,450	7,163,097	7,910,992	128,303	8,039,294
Total transmission	7,776,458	222,646	7,999,104	8,417,130	196,981	8,614,110

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedules of Operating Expenses – Power and Light Fund**  
**Years Ended June 30, 2022 and 2021**

	2022			2021		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Distribution:						
Supervision and engineering	\$ 310,705	60,139	370,844	262,426	45,828	308,254
Overhead lines	1,099,720	6,326,939	7,426,659	752,903	6,213,760	6,966,663
Station expenses	103,085	1,034,292	1,137,377	169,725	1,296,196	1,465,921
Street lights and traffic signals	279,091	621,762	900,853	264,656	507,219	771,876
Meters	166,988	701,541	868,529	127,371	818,666	946,037
Customer installations	391,875	—	391,875	314,388	—	314,388
Underground lines	447,680	879,097	1,326,777	645,155	1,199,721	1,844,875
Dispatching communication	602,333	—	602,333	525,672	—	525,672
Line transformers	—	147,942	147,942	—	218,238	218,238
Structures	—	116,450	116,450	—	—	—
Miscellaneous	996,869	1,193,641	2,190,510	743,269	314,668	1,057,937
Total distribution	<u>4,398,346</u>	<u>11,081,803</u>	<u>15,480,149</u>	<u>3,805,565</u>	<u>10,614,296</u>	<u>14,419,861</u>
Total transmission and distribution	<u>\$ 12,174,804</u>	<u>11,304,449</u>	<u>23,479,253</u>	<u>12,222,694</u>	<u>10,811,277</u>	<u>23,033,971</u>
Customer Service:						
Supervision			\$ 215,620			226,025
Meter reading			916,586			645,070
Customer records and collections			2,187,429			2,347,769
Provisions for doubtful accounts			407,095			44,593
Miscellaneous			189,711			211,968
Total customer service			<u>3,916,441</u>			<u>3,475,425</u>
General and Administrative:						
Salaries			1,464,840			1,377,449
Office supplies			630,971			534,319
Insurance			1,727,200			1,250
Injuries and damage			1,105,642			746,886
Employee benefits			(692,145)			7,260,951
Outside services			4,238,902			5,351,469
Miscellaneous			499,595			2,441,878
Total general and administrative			<u>8,975,005</u>			<u>17,714,202</u>
Depreciation and amortization			11,484,500			10,441,932
Payroll taxes			844,516			855,572
Total operating expenses			<u>\$ 112,910,315</u>			<u>116,029,495</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedule of Operating Statistics – Power and Light Fund**  
**Year ended June 30, 2022**

	Number of Customers		Revenue	KWH
	Beginning of Year	End of Year		
Sale of Electric Energy:				
Metered:				
Residential	54,700	54,709	\$ 69,554,987	533,402,370
Small general services	2,985	2,959	4,254,312	25,561,123
General services – space heating	23	36	2,699,107	830,552
Large general services	1,663	1,623	32,362,868	267,930,678
Large general services – prime voltage	8	13	1,216,161	11,491,488
Total electric general services	112	112	4,424,852	45,992,814
Schools, churches, and hospitals	201	204	1,159,321	8,989,595
Schools, churches, and hospitals, all electric	2	2	4,848	34,742
Education	64	68	3,328,037	29,213,883
Education, all electric	8	8	359,534	3,983,080
Large power services	3	3	2,263,712	24,246,960
Combined interruptible services	2	2	2,524,071	31,356,700
Sewer pumping	5	7	79,927	673,071
Municipal City Bills	62	105	80,050	12,801,996
City traffic signals	100	63	—	146,372
Wholesale (border customers)	—	—	94,209	1,552,894
Wholesale (interchange)	—	—	5,738,286	120,073,968
Wholesale (border customers)	59,938	59,914	130,144,282	1,118,282,286
Unmetered:				
Wholesale (interchange)				
Private security lighting	—	822	413,516	74,593
City Public Street lighting	—	1,743	—	3,172,527
	—	2,565	413,516	3,247,120
Change in unbilled revenue			(1,977,969)	—
Other operating revenue			8,569,513	—
EVTC			124,273	—
Total operating revenue and total energy sales			\$ 137,273,615	1,121,529,406
Net generation				223,909,640
Wholesale power purchased				946,859,489
Net generation and power purchased				1,170,769,129
Retail energy sales				1,106,054,101
Wholesale (border customers) sales				1,552,894
Power and light usage (building and substations)				1,139,879
Net disposition				1,108,746,874
Transmission and distribution operating losses				62,022,255

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedules of Operating Expenses – Water Fund**  
**Years ended June 30, 2022 and 2021**

	2022			2021		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of Supply:						
Supervision and engineering	\$ 27,781	—	27,781	—	—	—
Labor and expenses	346,006	—	346,006	380,763	1,565	382,328
Structures and improvements	—	23,416	23,416	—	52,312	52,312
Miscellaneous	—	237,552	237,552	—	184,094	184,094
Total source of supply	<u>373,787</u>	<u>260,968</u>	<u>634,755</u>	<u>380,763</u>	<u>237,971</u>	<u>618,734</u>
Power and Pumping:						
Supervision and engineering	40,464	62,418	102,882	—	36,980	36,980
Fuel/power purchased	1,906,610	—	1,906,610	2,000,352	—	2,000,352
Labor and expenses	403,762	—	403,762	1,026,285	—	1,026,285
Structures and improvements	—	39,511	39,511	—	49,890	49,890
Miscellaneous	—	—	—	—	2,970	2,970
Total power and pumping	<u>2,350,836</u>	<u>101,929</u>	<u>2,452,765</u>	<u>3,026,637</u>	<u>89,840</u>	<u>3,116,477</u>
Water Treatment:						
Supervision and engineering	48,261	20,480	68,741	—	—	—
Chemicals	1,439,726	—	1,439,726	1,432,845	—	1,432,845
Labor and expenses	1,024,530	—	1,024,530	1,879,925	—	1,879,925
Structures and improvements	—	269,671	269,671	—	873,736	873,736
Miscellaneous	—	502,642	502,642	—	348,287	348,287
Total water treatment	<u>2,512,517</u>	<u>792,793</u>	<u>3,305,310</u>	<u>3,312,770</u>	<u>1,222,023</u>	<u>4,534,793</u>
Total production	<u>\$ 5,237,140</u>	<u>1,155,690</u>	<u>6,392,830</u>	<u>6,720,170</u>	<u>1,549,834</u>	<u>8,270,004</u>
Transmission and Distribution:						
Supervision and engineering	\$ 1,699	—	1,699	—	—	—
Storage facilities	21,086	—	21,086	18,208	—	18,208
Transmission and distribution lines	1,576,576	662,001	2,238,577	1,013,831	1,197,168	2,210,999
Meters	47,726	73,516	121,242	59,134	54,067	113,201
Customer installations	113,546	—	113,546	82,812	—	82,812
Services	—	124,390	124,390	—	52,367	52,367
Hydrants	—	168,865	168,865	—	107,403	107,403
Miscellaneous	665,405	156,312	821,717	573,628	107,636	681,264
Total transmission and distribution	<u>\$ 2,426,038</u>	<u>1,185,084</u>	<u>3,611,122</u>	<u>1,747,613</u>	<u>1,518,641</u>	<u>3,266,254</u>
Customer Service:						
Customer accounting paid and collecting:						
Supervision			\$ 352,506			344,935
Meter reading			964,215			1,422,068
Customer records			2,486,916			1,019,562
Provision for uncollectible amounts			140,605			71,129
Total customer accounting paid and collecting			<u>3,944,242</u>			<u>2,857,694</u>
Sales Promotion:						
Expenses			—			—
Total customer service			<u>3,944,242</u>			<u>2,857,694</u>
General and Administrative:						
Salaries			903,869			791,677
Office supplies and expense			340,949			394,738
Injuries and damages			346,064			265,803
Employee benefits			327,771			2,427,894
Pension actuarial adjustment			(591,049)			(2,240,246)
Outside services			2,232,191			2,051,363
Miscellaneous			483,157			385,556
Total general and administrative			<u>4,042,952</u>			<u>4,076,785</u>
Depreciation and amortization			3,229,963			3,172,568
Payroll taxes			397,637			388,097
Other			52,121			62,856
Total operating expenses			<u>21,670,867</u>			<u>22,094,258</u>
Certain amounts are presented as a reduction of operating expenses, whereas they are included as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net position						
			<u>1,163,178</u>			<u>2,259,071</u>
			<u>\$ 22,834,045</u>			<u>24,353,329</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedule of Operating Statistics – Water Fund**  
**Year ended June 30, 2022**

	Number of Customers		Revenue	MGS*
	Beginning of Year	End of Year		
Sale of Water:				
Residential	44,768	44,857	\$ 13,604,181	2,272,314
Commercial	3,802	3,912	5,900,843	1,174,976
Industrial	6	6	615,875	169,297
Public authority	194	194	214,091	41,411
Resale	14	14	10,037,834	4,811,744
Private fire protection	490	492	226,912	—
Public fire protection	—	—	1,685,180	—
	<u>49,274</u>	<u>49,475</u>	<u>32,284,916</u>	<u>8,469,742</u>
Change in unbilled revenue			41,644	
Other operating revenue			409,097	
Total operating revenue			<u>\$ 32,735,657</u>	
Thousands of gallons produced:				
Courtney Bend Plant				9,839,936
Less total gallons sold				<u>8,469,742</u>
Unaccounted for water				<u>1,370,194</u>

\* Thousand gallons sold.

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedule of Operating Statistics – Sanitary Sewer Fund**  
**Year ended June 30, 2022**

	Number of Customers		Revenue	CCF*
	Beginning of Year	End of Year		
Sale of Sanitary Sewer Services:				
Residential	42,015	41,850	\$ 19,970,942	2,403,652
Commercial:				
Base	3,469	3,467	7,790,429	1,367,290
Surcharge	—	—	725,300	—
Contract waste treatment	—	—	290,216	—
Regulatory Compliance	—	—	6,495,855	—
Intermunicipal agreements:				
Sugar Creek	—	—	1,146,350	—
Kansas City	—	—	179,376	—
	<u>45,484</u>	<u>45,317</u>	<u>36,598,468</u>	<u>3,770,942</u>
Other operating revenue			378,184	
Change in unbilled revenue			103,529	
Total operating revenue			<u>\$ 37,080,181</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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 336,357,164	333,902,700	334,319,837	330,518,564	325,298,654	324,198,133	319,052,806	311,168,595	309,489,295	292,315,112
Restricted	16,853,297	16,931,671	16,335,599	14,823,334	13,785,094	18,741,314	18,602,877	22,279,174	24,490,689	40,260,773
Unrestricted	(231,199,039)	(233,876,307)	(255,063,735)	(259,618,128)	(266,833,068)	(378,520,677)	(269,187,817)	(271,260,070)	(258,060,366)	(234,589,664)
<b>Total governmental activities net position</b>	<b>\$ 122,011,422</b>	<b>116,958,064</b>	<b>95,591,701</b>	<b>85,723,770</b>	<b>72,250,680</b>	<b>(35,581,230)</b>	<b>68,467,866</b>	<b>62,187,699</b>	<b>75,919,618</b>	<b>97,986,221</b>
<b>Business-type activities</b>	\$									
Net investment in capital assets	251,523,417	240,517,938	230,396,460	238,427,241	216,148,308	214,381,085	216,116,969	211,224,057	222,514,950	225,938,690
Restricted	15,545,776	16,288,747	16,587,288	17,608,769	22,390,679	23,202,738	25,007,273	25,084,135	25,448,806	16,435,396
Unrestricted	45,095,514	59,212,898	49,598,827	33,115,833	53,123,997	8,070,332	57,814,152	69,117,824	54,975,581	82,896,262
<b>Total business-type activities net position</b>	<b>\$ 312,164,707</b>	<b>316,019,583</b>	<b>296,582,575</b>	<b>289,151,843</b>	<b>291,662,984</b>	<b>245,654,155</b>	<b>298,938,394</b>	<b>305,426,016</b>	<b>302,939,337</b>	<b>325,270,348</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 587,880,581	574,420,638	564,716,297	568,945,805	541,446,962	538,579,218	535,169,775	522,392,652	532,004,245	518,253,802
Restricted	32,399,073	33,220,418	32,922,887	32,432,103	36,175,773	41,944,052	43,610,150	47,363,309	49,939,495	56,696,169
Unrestricted	(186,103,525)	(174,663,409)	(205,464,908)	(226,502,295)	(213,709,071)	(370,450,345)	(211,373,665)	(202,142,246)	(203,084,785)	(151,693,402)
<b>Total primary government net position</b>	<b>\$ 434,176,129</b>	<b>432,977,647</b>	<b>392,174,276</b>	<b>374,875,613</b>	<b>363,913,664</b>	<b>210,072,925</b>	<b>367,406,260</b>	<b>367,613,715</b>	<b>378,858,955</b>	<b>423,256,569</b>

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

Note: In 2018 the City adopted GASB Statement No. 75, which restated beginning net position. For the years prior to 2018, the amounts in this schedule have not been restated.

Note: In 2019 the City implemented significant changes to healthcare coverage by moving retirees into a separate Medicare program which resulted in a decrease to the City's recorded Other Post Employment Benefits (OPEB) liability, resulting in an increase to net position.

Table 2

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
Administrative Services	\$ 9,225,738	9,096,123	9,348,081	9,054,549	10,060,792	9,787,625	11,766,972	11,465,578	8,846,826	7,504,588
Public Safety	55,139,731	56,859,801	57,226,139	59,265,485	59,583,743	59,355,553	64,741,468	68,890,126	60,111,785	63,738,835
Municipal Services	17,428,294	18,079,671	17,740,128	18,062,959	17,889,269	18,384,360	19,081,925	18,966,524	18,666,752	20,839,417
Health and Animal Services	3,810,863	3,622,207	3,672,055	3,597,625	2,690,316	2,190,183	—	691,921	2,052,328	2,170,360
Culture and Recreation	7,275,087	7,435,735	8,004,845	8,500,729	8,490,201	8,659,305	9,829,225	9,359,426	9,121,110	8,759,163
Community Development	5,318,490	6,316,004	4,876,851	4,694,568	5,913,644	6,364,261	6,866,076	6,729,400	6,019,417	6,240,454
Storm Water	2,862,544	3,000,734	2,917,670	3,381,187	3,734,597	3,722,027	3,854,859	3,929,055	3,764,430	3,538,060
General Government	8,405,914	8,730,105	9,462,575	10,082,656	9,330,488	9,749,366	1,047,083	838,934	4,349,995	992,854
Tax Increment Financing	14,281,820	14,273,775	11,531,889	11,319,659	16,156,910	8,756,255	9,743,568	10,786,336	10,611,180	11,146,839
Interest on long-term debt	379,760	252,213	176,912	116,229	108,756	75,246	109,479	96,297	778,438	541,914
<b>Total governmental activities expenses</b>	<b>124,128,241</b>	<b>127,666,368</b>	<b>124,957,145</b>	<b>128,075,646</b>	<b>133,958,716</b>	<b>127,044,181</b>	<b>127,040,655</b>	<b>131,753,597</b>	<b>124,322,261</b>	<b>125,472,484</b>
Business-type activities:										
Power and Light	127,959,254	138,801,854	136,825,933	134,873,700	128,209,073	130,197,969	124,700,820	122,805,250	120,251,808	116,113,226
Water	21,886,576	22,140,775	20,921,367	21,913,607	22,136,019	23,976,929	22,519,143	24,940,525	23,866,752	22,529,358
Sewer	18,900,129	19,015,060	21,822,803	23,512,501	24,420,243	25,605,642	25,728,344	27,191,672	26,149,731	26,942,461
Events Center	13,091,457	10,859,704	11,218,628	11,734,030	12,067,172	12,287,000	13,218,585	12,178,812	9,732,396	16,697,546
<b>Total business-type activities expenses</b>	<b>181,837,416</b>	<b>190,817,393</b>	<b>190,788,731</b>	<b>192,033,838</b>	<b>186,832,507</b>	<b>192,067,540</b>	<b>186,166,892</b>	<b>187,116,259</b>	<b>180,000,687</b>	<b>182,282,591</b>
<b>Total primary government expenses</b>	<b>\$ 305,965,657</b>	<b>318,483,761</b>	<b>315,745,876</b>	<b>320,109,484</b>	<b>320,791,223</b>	<b>319,111,721</b>	<b>313,207,547</b>	<b>318,869,856</b>	<b>304,322,948</b>	<b>307,755,075</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administrative Services	\$ 6,611,432	6,904,917	7,526,268	8,026,010	8,206,822	8,406,360	6,533,752	6,436,938	6,394,861	6,396,699
Public Safety	4,567,625	5,154,144	5,016,016	4,757,394	4,670,892	4,372,243	4,513,453	3,659,764	2,960,579	2,981,538
Municipal Services	362,732	401,793	391,816	376,062	577,574	537,691	640,034	543,843	484,731	578,035
Health Services	735,708	758,211	659,329	198,147	854,870	744,308	—	10,688	196,902	556,853
Culture and Recreation	727,220	613,238	689,980	821,976	843,135	913,869	1,264,973	1,017,524	512,418	729,775
Community Development	934,442	1,089,720	1,285,797	1,230,826	2,529,919	2,023,318	4,535,619	4,394,291	4,032,959	5,158,737
General Government	1,037,506	978,491	999,787	1,263,754	1,031,478	1,114,160	1,000,040	771,397	1,110,856	—
Tax Increment Financing	—	—	—	—	—	—	—	—	—	988,799
Operating grants and contributions	9,462,570	10,680,433	8,844,808	9,025,480	8,238,425	8,908,557	8,611,746	7,851,184	18,379,425	21,098,815
Capital grants and contributions	3,590,902	3,769,347	1,930,309	575,703	131,098	2,239,697	1,299,857	824,436	389,936	229,348
<b>Total governmental activities program revenues</b>	<b>28,030,137</b>	<b>30,350,294</b>	<b>27,344,110</b>	<b>26,275,352</b>	<b>27,084,213</b>	<b>29,260,203</b>	<b>28,399,474</b>	<b>25,510,065</b>	<b>34,462,667</b>	<b>38,718,599</b>
Business-type activities:										
Charges for services:										
Power and Light	137,749,295	138,813,984	139,078,098	134,747,475	137,945,902	148,047,728	145,164,378	128,575,740	128,548,974	137,273,615
Water	26,642,646	27,545,623	27,838,244	30,858,398	32,260,796	32,953,246	32,365,391	31,792,837	32,648,354	32,735,657
Sewer	20,231,637	21,471,299	23,545,640	23,743,340	26,029,675	28,812,899	30,171,515	33,354,075	36,164,809	37,080,181
Events Center	4,345,469	3,359,318	4,273,465	4,461,330	4,771,821	5,241,363	5,761,559	4,813,992	2,399,178	8,392,112
Operating grants and contributions	—	—	—	—	—	—	—	—	—	—
Capital grants and contributions	763,127	2,386,511	1,613,406	1,425,612	1,322,901	864,452	182,117	37,799	151,769	16,858
<b>Total business-type activities program revenues</b>	<b>189,732,174</b>	<b>193,576,735</b>	<b>196,348,853</b>	<b>195,236,155</b>	<b>202,331,095</b>	<b>215,919,688</b>	<b>213,644,960</b>	<b>198,574,443</b>	<b>199,913,083</b>	<b>215,498,423</b>
<b>Total primary government program revenues</b>	<b>\$ 217,762,311</b>	<b>223,927,029</b>	<b>223,692,963</b>	<b>221,511,507</b>	<b>229,415,308</b>	<b>245,179,891</b>	<b>242,044,434</b>	<b>224,084,508</b>	<b>234,375,750</b>	<b>254,217,022</b>

Table 2

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	\$ (96,098,104)	(97,316,074)	(97,613,035)	(101,800,294)	(106,874,503)	(97,783,978)	(98,641,181)	(106,243,532)	(89,859,594)	(86,753,885)
Business-type activities	7,894,758	2,759,342	5,560,122	3,202,317	15,498,588	23,852,148	27,478,068	11,458,184	19,912,396	33,215,832
Total primary government net expense	\$ (88,203,346)	(94,556,732)	(92,052,913)	(98,597,977)	(91,375,915)	(73,931,830)	(71,163,113)	(94,785,348)	(69,947,198)	(53,538,053)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,618,559	7,993,199	8,546,600	8,485,768	7,978,323	8,237,760	8,080,629	8,717,634	9,684,246	9,088,287
Sales and use taxes	40,689,725	41,142,183	44,459,358	44,683,858	45,348,299	46,319,963	45,006,244	46,752,729	51,500,218	58,149,550
Intergovernmental activity taxes	9,635,263	10,809,061	8,830,000	10,351,536	10,776,518	11,720,991	12,328,192	13,388,147	13,724,099	12,370,738
Franchise taxes	10,414,823	10,292,488	9,960,928	8,528,741	8,703,530	8,771,667	8,651,580	7,523,346	7,376,564	8,161,195
Financial institutions tax	15,225	19,381	16,523	21,116	34,130	34,818	18,814	32,404	20,601	60,911
Investment earnings	302,467	302,394	256,159	311,028	130,083	478,931	2,294,796	2,897,668	572,681	(999,657)
Special item - litigation settlement	—	2,203,430	—	—	—	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	72,282,213	—	—	—
Miscellaneous	1,049,065	695,896	1,960,753	796,842	1,147,386	1,211,700	594,740	1,469,877	1,467,868	1,781,900
Transfers	18,232,349	18,804,684	18,676,005	18,753,474	19,283,144	20,057,532	20,360,728	19,181,560	19,245,236	20,207,564
Total governmental activities	87,957,476	92,262,716	92,706,326	91,932,363	93,401,413	96,833,362	169,617,936	99,963,365	103,591,513	108,820,488
Business-type activities:										
Sales and use taxes	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078	7,783,055	8,024,737	8,876,336
Investment earnings	66,215	45,754	32,746	176,436	(35,308)	674,832	5,455,337	5,526,440	28,950	(3,126,574)
Special item - litigation settlement	—	12,796,570	—	—	—	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	33,603,664	—	—	—
Special item - electric rebate	—	—	—	—	—	—	—	—	(11,196,400)	—
Miscellaneous	557,965	1,660,835	1,456,086	2,202,550	560,155	665,216	314,820	901,503	(11,126)	3,572,981
Transfers	(18,232,349)	(18,804,684)	(18,676,005)	(18,753,474)	(19,283,144)	(20,057,532)	(20,360,728)	(19,181,560)	(19,245,236)	(20,207,564)
Total business-type activities	(12,316,487)	1,095,534	(11,587,097)	(10,633,049)	(12,987,447)	(12,743,902)	25,806,171	(4,970,562)	(22,399,075)	(10,884,821)
Total primary government	\$ 75,640,989	93,358,250	81,119,229	81,299,314	80,413,966	84,089,460	195,424,107	94,992,803	81,192,438	97,935,667
<b>Changes in Net Position</b>										
Governmental activities	\$ (8,140,628)	(5,053,358)	(4,906,709)	(9,867,931)	(13,473,090)	(950,616)	70,976,755	(6,280,167)	13,731,919	22,066,603
Business-type activities	(4,421,729)	3,854,876	(6,026,975)	(7,430,732)	2,511,141	11,108,246	53,284,239	6,487,622	(2,486,679)	22,331,011
Total primary government	\$ (12,562,357)	(1,198,482)	(10,933,684)	(17,298,663)	(10,961,949)	10,157,630	124,260,994	207,455	11,245,240	44,397,614

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

Note: In 2018 the City adopted GASB Statement No. 75, which restated beginning net position. For the years prior to 2018, the amounts in this schedule have not been restated.

Table 3

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Nondisposable	\$ —	14,141	—	11,424	—	—	—	—	19,755	—
Restricted	417,361	402,899	142,966	273,164	404,806	395,412	84,386	78,022	118,750	93,848
Committed	391,399	437,083	471,606	348,001	261,700	106,884	30,762	18,105	16,373	17,145
Assigned	464,633	398,283	1,300,973	1,336,086	1,648,808	1,268,521	574,172	723,920	465,453	534,629
Unassigned	600,662	3,591,990	3,741,675	3,684,710	5,982,941	7,030,007	6,591,442	5,301,516	5,700,364	6,281,728
	<u>\$ 1,874,055</u>	<u>4,844,396</u>	<u>5,657,220</u>	<u>5,653,385</u>	<u>8,298,255</u>	<u>8,800,824</u>	<u>7,280,762</u>	<u>6,121,563</u>	<u>6,320,695</u>	<u>6,927,350</u>
<b>All other governmental funds</b>										
Nondisposable	\$ 480,253	—	—	665	—	526,245	—	—	—	—
Restricted	43,513,724	44,679,472	43,356,113	42,864,399	44,066,001	43,085,814	47,556,094	74,562,521	76,458,587	85,993,577
Committed	451,142	204,117	164,507	41,772	30,198	53,981	61,507	81,165	92,421	129,414
Unassigned	(6,951,949)	(6,167,243)	(5,796,859)	(2,929,573)	(1,482,674)	(1,440,718)	(1,627,806)	(3,851,954)	(3,574,111)	(3,156,286)
	<u>\$ 37,493,170</u>	<u>38,716,346</u>	<u>37,723,761</u>	<u>39,977,263</u>	<u>42,613,525</u>	<u>42,225,322</u>	<u>45,989,795</u>	<u>70,791,732</u>	<u>72,976,897</u>	<u>82,966,705</u>

Table 4

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 68,799,104	70,380,577	71,412,311	71,815,835	73,168,146	75,673,475	74,694,144	76,307,087	82,183,412	87,672,164
Licenses, fees and permits	3,255,877	3,464,631	3,785,532	3,802,218	5,614,626	4,834,935	4,783,828	5,012,961	4,772,400	5,977,008
Intergovernmental	12,724,286	13,672,530	10,337,589	9,174,995	8,215,395	10,860,762	9,304,404	8,315,029	18,653,010	21,239,607
Charges for services	2,966,943	2,699,813	2,905,601	3,273,899	3,378,711	3,385,145	3,378,423	3,153,527	2,908,352	3,284,546
Interfund charges for support services	3,835,972	3,987,029	4,544,233	4,913,709	4,943,014	5,099,696	5,035,500	5,035,500	5,035,500	5,035,500
Fines, forfeitures, and court costs	4,061,879	4,790,383	4,652,309	4,214,064	3,855,121	3,716,388	3,913,825	2,890,421	2,152,627	2,116,883
Investment income (loss)	287,686	259,908	250,763	286,088	93,294	337,709	2,000,253	2,704,945	552,145	(933,587)
Developer contributions	238,105	250,000	35,000	17,025	—	—	—	—	—	—
Other	2,566,387	2,445,373	2,155,444	2,551,667	2,486,708	2,552,686	2,774,293	2,842,834	2,844,550	2,960,672
<b>Total revenues</b>	<b>98,736,239</b>	<b>101,950,244</b>	<b>100,078,782</b>	<b>100,049,500</b>	<b>101,755,015</b>	<b>106,460,796</b>	<b>105,884,670</b>	<b>106,262,304</b>	<b>119,101,996</b>	<b>127,352,793</b>
<b>Expenditures</b>										
Administrative Services	6,997,537	7,547,357	7,640,238	7,576,728	7,834,761	8,051,979	10,429,550	8,583,484	8,622,539	10,265,123
Public Safety	46,169,791	49,093,577	49,529,374	50,513,184	49,939,819	52,410,075	59,828,210	61,192,700	62,223,200	70,059,732
Municipal Services - Public Works	5,645,470	5,899,660	5,386,719	4,693,660	4,791,209	5,495,957	7,470,311	6,484,056	6,503,782	6,345,847
Health and Animal Services	3,362,706	3,322,766	3,206,732	3,130,183	2,464,245	2,114,547	—	537,806	2,018,672	2,758,607
Culture and Recreation	5,694,462	5,747,828	5,793,101	5,888,760	6,013,044	6,163,491	7,508,674	6,625,256	7,526,753	7,648,143
Community Development	5,029,870	6,007,452	4,460,559	4,303,735	5,226,710	5,865,477	6,561,980	6,108,787	5,943,402	6,785,215
Storm Water	1,532,184	1,686,782	1,629,842	1,769,844	2,271,882	2,092,652	2,223,961	2,145,806	2,174,015	2,657,126
General Government	7,461,577	7,688,526	8,622,570	8,921,005	8,543,800	8,968,731	343,456	18,129	3,386,866	59,485
Tax Increment Financing	2,578,489	2,886,495	1,290,274	859,000	1,136,583	1,083,430	3,124,874	4,545,677	3,973,105	5,859,997
Capital outlay	15,475,351	12,296,360	14,159,976	13,890,964	11,951,855	15,078,234	12,808,202	10,298,410	13,806,476	8,858,632
Debt Service										
Principal	12,223,792	7,614,702	8,513,930	6,833,988	8,107,973	8,848,975	7,578,765	7,344,377	8,200,715	8,563,784
Interest	9,505,756	8,844,986	9,243,134	8,541,494	7,214,003	6,899,667	6,123,004	5,856,638	6,102,645	4,841,930
Debt issuance costs	1,059,129	201,254	240,698	1,156,904	431,670	249,268	—	—	1,216,641	—
<b>Total expenditures</b>	<b>122,736,114</b>	<b>118,837,745</b>	<b>119,717,147</b>	<b>118,079,449</b>	<b>115,927,554</b>	<b>123,322,483</b>	<b>124,000,987</b>	<b>119,741,126</b>	<b>131,698,811</b>	<b>134,703,621</b>
Excess of revenues over (under) expenditures	(23,999,875)	(16,887,501)	(19,638,365)	(18,029,949)	(14,172,539)	(16,861,687)	(18,116,317)	(13,478,822)	(12,596,815)	(7,350,828)
<b>Other Financing Sources (Uses)</b>										
Transfers in	9,771,846	2,630,331	2,119,880	2,964,941	2,118,908	7,815,722	3,058,253	8,806,903	6,198,157	10,336,872
Transfers out	(9,560,573)	(1,969,709)	(1,857,265)	(2,726,803)	(1,834,435)	(7,825,722)	(3,068,253)	(8,816,902)	(8,983,770)	(12,647,943)
Issuance of debt	40,855,000	6,981,126	8,770,000	50,074,897	19,604,504	12,052,210	—	17,940,000	37,297,511	—
Premiums/Discounts on debt issued	(14,334)	74,056	(99,693)	(1,168,942)	2,585,491	836,091	—	—	4,689,862	—
Payment to refunded loans escrow agent	(38,713,690)	(6,982,279)	(7,887,707)	(47,379,813)	(22,019,468)	(15,969,779)	—	—	(43,475,884)	—
Transfers in - utility payments in lieu of taxes	18,021,077	18,144,063	18,413,389	18,515,336	18,998,671	20,067,531	20,370,728	19,191,559	19,255,236	20,168,635
Lease proceeds	—	—	—	—	—	—	—	—	—	89,727
<b>Total other financing sources</b>	<b>20,359,326</b>	<b>18,877,588</b>	<b>19,458,604</b>	<b>20,279,616</b>	<b>19,453,671</b>	<b>16,976,053</b>	<b>20,360,728</b>	<b>37,121,560</b>	<b>14,981,112</b>	<b>17,947,291</b>
<b>Special items:</b>										
Litigation settlement	—	2,203,430	—	—	—	—	—	—	—	—
<b>Net change in fund balances</b>	<b>\$ (3,640,549)</b>	<b>4,193,517</b>	<b>(179,761)</b>	<b>2,249,667</b>	<b>5,281,132</b>	<b>114,366</b>	<b>2,244,411</b>	<b>23,642,738</b>	<b>2,384,297</b>	<b>10,596,463</b>
Debt service as a percentage of non-capital expenditures	20.60%	15.90%	17.45%	15.03%	15.10%	14.94%	12.53%	12.37%	12.43%	10.85%

Note: In 2019 the Health Department was restructured and remaining functions were moved to other departments. In 2021 the Health Department was restructured as its own department. Animal Services is included in the Health Services category.

Table 5

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

City Sales and Use Tax Revenue:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund	\$ 16,895,043	17,036,996	18,132,065	18,220,678	17,982,053	18,470,762	17,946,599	18,160,631	19,138,667	20,676,408
Tourism Fund (Transient Guest Tax)	1,356,592	1,468,758	1,618,246	1,954,406	1,994,953	1,956,256	1,967,003	1,554,582	1,321,757	2,116,326
Street Sales Tax Fund	7,730,491	7,767,525	8,357,101	8,399,825	8,329,801	8,540,878	8,258,900	8,323,739	8,999,260	9,556,264
Park Improvements Sales Tax Fund	3,854,506	3,884,655	4,178,652	4,200,128	4,167,642	4,270,461	4,129,442	4,161,885	4,499,634	4,778,115
Storm Water Sales Tax Fund	3,852,030	3,884,641	4,178,663	4,200,147	4,167,558	4,270,479	4,129,446	4,161,887	4,499,634	4,778,115
Police Sales Tax Fund	2,056,547	2,069,621	2,211,890	2,221,976	2,198,883	2,269,600	2,210,139	2,238,572	2,365,703	2,563,038
Fire Sales Tax Fund	1,928,889	1,943,700	2,089,554	2,100,451	2,089,313	2,135,284	2,064,701	2,080,829	2,250,479	3,720,007
TIF Funds (consolidated)	3,015,627	3,086,287	3,693,187	3,386,247	4,418,096	4,406,243	4,300,014	4,398,792	4,675,084	5,198,526
Events Center Community Improvement District	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078	7,783,055	8,024,737	8,876,336
Animal Services Use Tax	—	—	—	—	—	—	—	750,000	750,000	762,750
Police Use Tax	—	—	—	—	—	—	—	921,812	3,000,000	4,000,000
Total	\$ 45,981,407	46,539,242	50,059,434	50,425,297	51,119,149	52,293,545	51,799,322	54,535,784	59,524,955	67,025,886

Source: City of Independence

Note: the TIF Funds do not include intergovernmental sales tax activity.

**Table 6**

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

<b>Direct Sales Tax Rate City of Independence</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Park Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Storm Water Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Fire Public Safety	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.500
<b>Direct Sales Tax Rate City of Independence</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.250</b>	<b>2.625</b>
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Total Direct Sales Tax Rate</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.750</b>
<b>Total Local Option Sales Tax Rate</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Missouri State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Missouri State Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Jackson County	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125
Jackson County - Community Children's Services	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125	0.125
Kansas City Zoo	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
City of Independence	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.625
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Total Direct and Overlapping Sales Tax Rate</b>	<b>7.850</b>	<b>7.850</b>	<b>7.850</b>	<b>7.850</b>	<b>7.975</b>	<b>7.975</b>	<b>7.975</b>	<b>7.975</b>	<b>7.975</b>	<b>8.350</b>

Source: Missouri Department of Revenue

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

Note: Residents voted to repeal the existing Fire Protection Sales Tax of 1/8 of a cent in effect until December 31, 2026, and instead impose a Sales Tax of 1/2 of a cent to be effective April 1, 2022.

Table 7

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

Fiscal Year Ended June 30,	Taxing Year	Real Property					Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property	Commercial Property	State Assessed	Total	Personal Property	Railroads & Utilities				
2013	2012	\$ 779,674,017	1,128,605	235,695,566	4,816,906	1,021,315,094	254,225,408	3,612,882	1,279,153,384	0.7281	5,639,283,894	22.68%
2014	2013	779,683,482	1,138,200	233,988,631	5,106,421	1,019,916,734	257,382,527	3,528,618	1,280,827,879	0.7394	5,644,201,744	22.69%
2015	2014	779,384,690	1,138,682	232,114,740	5,387,691	1,018,025,803	244,122,675	2,857,999	1,265,006,477	0.7393	5,595,741,171	22.61%
2016	2015	814,095,793	1,227,696	242,938,873	5,523,260	1,063,785,622	248,605,246	2,771,990	1,315,162,858	0.7165	5,826,614,435	22.57%
2017	2016	816,156,782	1,240,556	241,685,369	5,480,210	1,064,562,917	259,387,309	2,848,806	1,326,799,032	0.7216	5,866,135,798	22.62%
2018	2017	851,240,599	1,246,527	269,580,035	5,484,957	1,127,552,118	264,036,773	2,657,765	1,394,246,656	0.7031	6,151,388,242	22.67%
2019	2018	855,893,579	1,212,349	261,658,049	5,795,714	1,124,559,691	276,071,272	2,862,628	1,403,493,591	0.7105	6,188,587,536	22.68%
2020	2019	985,433,731	1,153,021	349,795,437	5,608,335	1,341,990,524	269,306,567	2,582,419	1,613,879,510	0.6078	7,123,537,106	22.66%
2021	2020	971,733,748	1,175,693	306,961,846	5,753,808	1,285,625,095	273,664,601	3,010,655	1,562,300,351	0.6672	6,932,645,923	22.54%
2022	2021	1,074,005,133	1,191,707	316,976,894	6,263,754	1,398,437,488	295,272,661	2,897,431	1,696,607,580	0.6103	7,568,475,671	22.42%

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
2013	2012	0.4950	0.2331	—	0.7281	0.2349	5.670	1.0464	0.030
2014	2013	0.5026	0.2368	—	0.7394	0.2369	5.700	1.0464	0.030
2015	2014	0.5026	0.2367	—	0.7393	0.2374	5.700	1.0317	0.030
2016	2015	0.4871	0.2294	—	0.7165	0.2343	5.913	1.0038	0.030
2017	2016	0.4906	0.2310	—	0.7216	0.2339	5.913	1.0117	0.030
2018	2017	0.4780	0.2251	—	0.7031	0.2297	5.801	1.0685	0.030
2019	2018	0.4830	0.2275	—	0.7105	0.2305	5.801	1.2867	0.030
2020	2019	0.4132	0.1946	—	0.6078	0.2047	5.498	1.1371	0.030
2021	2020	0.4535	0.2137	—	0.6672	0.2128	5.538	1.1511	0.030
2022	2021	0.4149	0.1954	—	0.6103	0.2028	5.437	1.1032	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, respectively, 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	0.1921
General Fund	0.2162
Road & Bridge Fund	0.0633
Park Fund	0.1108
Mid-Continent Public Library	0.3468
Developmentally Disabled	0.0663
Mental Health	0.1077
<b>Total County</b>	<b>1.1032</b>
  - (4) Three other school districts are in the Jackson County portion of the City of Independence. School tax rates for these districts are:
 

Fort Osage Reorganized #1	6.3700
Blue Springs Reorganized #4	5.7286
Kansas City School District	4.9599

**Table 9**

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

Taxpayer	2022			2013		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Southern Union Company	\$ 18,174,080	1	1.07%	\$ 5,708,511	4	0.45%
Independence Mall Holding, Inc	17,732,125	2	1.05%			0.00%
DT Independence Commons LLC	9,876,480	3	0.58%			0.00%
Mansion Apartments	9,189,936	4	0.54%	4,032,764	9	0.32%
Unilever Best Foods	6,180,507	5	0.36%	4,237,786	8	0.33%
BRE Space Center of Kansas City	6,147,862	6	0.36%	6,730,787	3	0.53%
Centerpoint Medical Center	5,799,208	7	0.34%			0.00%
Seven65 Cornerstone LLC	5,387,450	8	0.32%			0.00%
Pavilions Hartman Heritage	4,224,000	9	0.25%			0.00%
QuikTrip Corporation	4,135,961	10	0.24%			0.00%
Simon Property Group				22,094,332	1	1.73%
Cole DDR Mt Independence LLC				8,963,343	2	0.70%
Comcast Cablevision				3,789,750	10	0.30%
Sprint				4,475,825	7	0.35%
A T & T				5,575,396	5	0.44%
Walmart				4,973,185	6	0.39%
<b>Total</b>	<b>\$ 86,847,609</b>		<b>5.12%</b>	<b>\$ 70,581,679</b>		<b>5.52%</b>

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended June 30,	Taxing Year	Taxes Levied for Fiscal Year (1)	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 7,402,402	\$ 7,065,183	95.44%	\$ 322,937	\$ 7,388,119	99.81%
2014	2013	7,625,313	7,145,159	93.70%	419,604	7,564,763	99.21%
2015	2014	7,468,109	7,164,660	95.94%	298,843	7,463,504	99.94%
2016	2015	7,633,251	7,182,858	94.10%	311,952	7,494,811	98.19%
2017	2016	7,781,711	7,396,095	95.04%	286,579	7,682,674	98.73%
2018	2017	7,844,329	7,374,105	94.01%	393,152	7,767,256	99.02%
2019	2018	8,057,649	7,589,114	94.19%	280,910	7,870,024	97.67%
2020	2019	7,903,568	7,554,965	95.59%	108,962	7,663,926	96.97%
2021	2020	8,485,960	7,942,736	93.60%	222,568	8,165,304	96.22%
2022	2021	8,376,081	8,181,219	97.67%	—	8,181,219	97.67%

Source: City of Independence

Note: (1) Includes subsequent adjustments to tax levy.

Table 11

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

<b>Sales by Category:</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Power and Light:										
Residential	\$ 71,667,000	72,259,000	70,622,000	68,081,000	71,368,000	76,223,000	76,873,000	69,507,000	67,426,000	71,109,000
Commercial	56,044,000	56,809,000	58,251,000	54,249,000	55,067,000	56,522,000	52,656,000	48,512,000	47,513,000	46,554,000
Industrial	4,839,000	4,867,000	4,727,000	4,187,000	4,464,000	5,152,000	3,898,000	3,549,000	3,454,000	5,707,000
Sold to Other Utilities	2,380,000	2,254,000	2,369,000	3,298,000	1,751,000	3,088,000	5,780,000	5,620,000	5,040,000	5,832,000
Other	606,000	599,000	493,000	367,000	238,000	302,000	274,000	156,000	104,000	414,000
Water:										
Residential	13,080,814	13,052,557	13,147,584	14,272,445	15,288,208	15,647,744	13,699,721	13,367,035	13,691,456	13,604,181
Commercial	3,847,161	3,555,507	3,491,458	3,759,332	4,135,439	4,477,410	5,515,624	5,664,412	5,695,898	5,900,843
Industrial	547,930	769,857	605,223	694,902	605,996	583,867	1,265,360	683,790	609,886	615,875
Public Authority	270,391	262,012	318,503	281,902	344,489	300,755	256,247	209,639	216,085	214,091
Sold to Other Utilities	7,714,290	8,136,297	8,322,743	9,461,694	9,814,368	9,753,385	9,878,165	9,775,067	9,968,031	10,037,834
Other	1,531,318	1,760,366	1,845,426	1,981,057	2,146,939	2,199,111	2,327,662	2,154,021	2,121,321	2,194,834
Sanitary Sewer:										
Residential	10,601,887	11,329,939	11,545,538	12,121,229	12,340,133	14,001,286	15,766,174	17,582,711	19,705,726	19,970,942
Commercial	5,288,864	5,755,295	5,875,596	5,402,688	5,903,198	6,221,026	7,080,859	7,567,127	8,385,352	8,515,729
Other	4,340,296	4,295,186	6,073,994	6,148,154	7,865,081	7,889,045	7,846,608	8,097,157	7,555,644	8,489,981
<b>Total</b>	<b>\$ 182,758,951</b>	<b>185,705,016</b>	<b>187,688,065</b>	<b>184,305,403</b>	<b>191,331,851</b>	<b>202,360,629</b>	<b>203,117,420</b>	<b>192,444,959</b>	<b>191,486,399</b>	<b>199,160,310</b>

Source: City of Independence

Table 12

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

<b>Rates by Category:</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Power and Light (per Kwh):										
Residential	\$ 0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.14
Commercial	0.12	0.12	0.13	0.12	0.12	0.13	0.12	0.11	0.12	0.12
Industrial	0.09	0.09	0.09	0.08	0.07	0.08	0.07	0.07	0.07	0.09
Sold to Other Utilities	0.03	0.04	0.03	0.02	0.02	0.04	0.03	0.02	0.04	0.05
Other	0.06	0.10	0.12	0.09	0.06	0.08	0.25	0.14	0.53	0.36
Water (per 1,000 gallons):										
Residential	4.14	4.49	4.89	5.21	5.57	5.76	5.21	6.08	5.94	5.99
Commercial	3.82	4.10	4.44	4.77	5.07	5.36	7.18	5.54	4.98	5.02
Industrial	2.29	2.42	2.75	3.21	3.40	3.19	6.58	3.44	3.19	3.64
Public Authority	3.89	4.16	4.36	4.81	5.05	4.60	3.39	5.56	5.29	5.17
Sold to Other Utilities	1.57	1.69	1.80	1.93	2.05	2.09	2.04	2.09	2.08	2.09
Sanitary Sewer (per 100 cubic feet):										
Residential	4.16	4.31	4.49	4.89	5.07	5.49	6.55	7.42	8.38	8.31
Commercial	3.09	3.81	3.74	3.55	3.60	4.00	4.98	5.29	6.49	6.23
<b>Total</b>	<b>\$ 23.39</b>	<b>25.49</b>	<b>26.98</b>	<b>28.81</b>	<b>30.23</b>	<b>30.95</b>	<b>36.56</b>	<b>35.90</b>	<b>37.24</b>	<b>37.19</b>

Source: City of Independence

Table 13

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

Utility Customer - Power and Light	2022			2013		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 2,006,708	1	1.55%	\$ 1,999,116	1	1.47%
Centerpoint Medical Center	1,742,541	2	1.34%	1,712,780	2	1.26%
Burd and Fletcher (5151 Geospace)	1,572,884	3	1.21%	1,626,807	3	1.20%
Smart Warehouse/Commercial Distributions Center	989,585	4	0.76%	949,095	5	0.70%
Simon Property Group LP/Independence Center LLC	661,046	5	0.51%	1,099,235	4	0.81%
HCP MOB Centerpoint (Boyer Company)	561,284	6	0.43%	570,629	6	0.42%
Costco Wholesale Inc.	385,454	7	0.30%	554,227	7	0.41%
Price Chopper (23rd Street)	334,159	8	0.26%	461,923	10	0.34%
Cable Dahmer Arena (Events Center)	324,888	9	0.25%	531,534	8	0.39%
Price Chopper (Noland)	316,875	10	0.24%	463,845	9	0.34%
<b>Total</b>	<b>\$ 8,895,424</b>		<b>6.86%</b>	<b>\$ 9,969,191</b>		<b>7.36%</b>

Source: City of Independence

Table 14

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

Utility Customer - Water	2022			2013		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 5,543,433	1	17.02%	\$ 4,470,972	1	16.56%
Blue Springs	1,328,184	2	4.08%	1,015,567	2	3.76%
District #2, Jackson County	765,061	3	2.35%	549,672	3	2.04%
District #1, Lafayette County	521,037	4	1.60%	392,022	4	1.45%
Oak Grove	440,913	5	1.35%	363,130	5	1.35%
Grain Valley	409,353	6	1.26%	300,841	6	1.11%
District #15, Jackson County	374,040	7	1.15%	273,773	7	1.01%
Audubon (Lafarge) Corporation	306,150	8	0.94%	210,384	8	0.78%
District #16, Jackson County	225,280	9	0.69%			
Buckner	169,106	10	0.52%	155,369	10	0.58%
Unilever (Thomas J. Lipton Co)				203,093	9	0.75%
<b>Total</b>	<b>\$ 10,082,557</b>		<b>30.96%</b>	<b>\$ 7,934,823</b>		<b>29.40%</b>

Source: City of Independence

**Table 15**

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

Utility Customer - Sewer	2022			2013		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
BP/AMOCO	\$ 272,997	1	0.74%	\$ 213,142	2	1.05%
Unilever (Thomas J. Lipton Co)	196,859	2	0.53%	812,364	1	4.02%
Simon Property Group LP/Independence Center LLC	123,100	3	0.33%	43,217	7	0.21%
Highland Park Investors	101,510	4	0.27%	48,642	6	0.24%
Centerpoint Medical Center	87,544	5	0.24%	65,943	4	0.33%
Independence Housing Authority	84,383	6	0.23%			
Space Center of KC	78,238	7	0.21%			
Green Lantern	75,296	8	0.20%			
YES Companies	46,425	9	0.13%			
City of Independence, Power & Light	43,000	10	0.12%	81,794	3	0.40%
Price Chopper (23rd Street)				18,598	9	0.09%
Smart Warehouse/Commercial Distributions Center				58,204	5	0.29%
The Boyer Company						
Bass Pro				21,704	8	0.11%
Price Chopper (Noland)				14,686	10	0.07%
<b>Total</b>	<b>\$ 1,109,352</b>		<b>3.00%</b>	<b>\$ 1,378,294</b>		<b>6.81%</b>

Source: City of Independence

Table 16

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

		<b>Governmental Activities</b>						
<b>Fiscal Year</b>		<b>Loans Payable</b>	<b>Neighborhood Improvement District</b>	<b>Financed Purchases</b>	<b>Certificates of Participation</b>			
2013	\$	171,371,974	528,423	1,407,347	—			
2014		167,681,305	453,477	1,226,414	—			
2015		162,434,005	378,531	1,036,529	—			
2016		159,223,920	298,586	1,484,037	—			
2017		153,301,444	217,640	1,333,212	—			
2018		142,973,315	131,694	1,260,264	—			
2019		135,402,242	40,748	1,009,999	—			
2020		145,926,947	33,804	755,122	—			
2021		139,698,650	26,859	1,868,704	—			
2022		131,077,777	19,910	1,456,845	—			
		<b>Business-Type Activities</b>				<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
<b>Fiscal Year</b>		<b>Revenue Bonds</b>	<b>Loans Payable</b>	<b>Financed Purchases</b>	<b>Certificates of Participation</b>			
2013	\$	296,937,015	—	—	—	470,244,759	17.26%	\$ 4,011.88
2014		342,793,093	—	—	—	512,154,289	18.43%	4,368.43
2015		354,386,824	—	—	—	518,235,889	18.75%	4,410.74
2016		344,168,539	—	—	—	505,175,082	17.72%	4,308.35
2017		383,308,356	—	—	—	538,160,652	16.90%	4,598.48
2018		374,751,112	—	—	—	519,116,385	17.24%	4,425.32
2019		365,808,725	—	—	—	502,261,714	14.58%	4,295.59
2020		355,501,259	—	—	—	502,217,132	16.99%	4,304.48
2021		334,701,955	—	—	—	476,296,168	14.42%	4,066.08
2022		322,431,204	—	—	—	454,985,736	12.31%	3,726.86

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

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		
2013	\$ —	\$ —	\$ —	0.00%	\$ —
2014	—	—	—	0.00%	—
2015	—	—	—	0.00%	—
2016	—	—	—	0.00%	—
2017	—	—	—	0.00%	—
2018	—	—	—	0.00%	—
2019	—	—	—	0.00%	—
2020	—	—	—	0.00%	—
2021	—	—	—	0.00%	—
2022	—	—	—	0.00%	—

Reference: (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, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Independence School District	\$ 174,390,000	93.62%	\$ 163,263,918
Fort Osage Reorganized #1 School District	64,621,093	0.00%	—
Blue Springs Reorganized #4 School District	255,470,000	2.70%	6,897,690
Raytown School District	93,644,817	8.46%	7,922,352
Subtotal, overlapping debt			178,083,960
City direct debt			132,554,532
Total direct and overlapping debt			\$ 310,638,492

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit (1)	\$ 255,830,677	256,165,576	253,001,295	263,032,572	265,359,806	280,698,718	280,698,718	322,775,902	312,460,070	339,321,516
Total net debt applicable to limit	455,018	368,810	290,306	197,697	118,648	32,474	—	—	—	—
Legal Debt Margin	\$ 255,375,659	255,796,766	252,710,989	262,834,875	265,241,158	280,666,244	280,698,718	322,775,902	312,460,070	339,321,516
Total net debt applicable to the limit as a percentage of debt limit	0.178%	0.144%	0.115%	0.075%	0.045%	0.012%	0.000%	0.000%	0.000%	0.000%

**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.

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed Value	\$ 1,696,607,580
Debt Limit (20% of assessed value)	339,321,516
General obligation:	
City-Wide	—
Neighborhood Improvement Districts	19,910
Revenue Bonds	322,431,204
Total Bonded Debt	322,451,114
Less:	
Electric Utility Bonds	125,401,751
Water Utility Bonds	18,949,836
Sewer Utility Bonds	89,996,380
Events Center Bonds	88,083,237
Debt Service Fund Bonds	19,910
Total net debt applicable to limit	—
Legal debt margin	\$ 339,321,516

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)	
<u>Power &amp; Light (2)</u>						
2013	\$ 138,561,630	\$ 100,672,846	\$ 36,800,523	\$ 4,080,000	\$ 6,100,037	\$ 3.61
2014	139,621,307	106,187,200	37,888,784	5,015,000	5,853,306	3.49
2015	139,687,551	107,899,251	33,434,107	3,265,000	5,670,556	3.74
2016	135,479,674	110,381,924	25,097,750	3,395,000	5,539,957	2.81
2017	138,833,337	103,916,192	34,917,145	3,530,000	6,607,431	3.44
2018	149,909,406	107,058,654	42,850,752	3,685,000	7,036,700	4.00
2019	149,612,959	102,668,316	46,944,643	3,850,000	6,872,250	4.38
2020	132,767,233	100,302,200	32,465,033	4,945,000	6,700,350	2.79
2021	129,655,541	105,215,502	24,440,039	4,045,000	6,490,050	2.32
2022	138,650,120	110,298,225	28,351,895	—	3,781,853	7.50
<u>Water (2)</u>						
2013	\$ 28,165,483	\$ 16,255,647	\$ 11,909,836	\$ 3,180,000	\$ 2,003,608	\$ 2.30
2014	29,374,518	16,856,321	12,518,197	3,395,000	1,463,831	2.58
2015	29,739,720	16,376,953	13,362,767	4,230,000	1,281,338	2.42
2016	32,783,397	17,560,790	15,222,607	4,260,000	1,206,338	2.78
2017	34,018,812	17,976,941	16,041,871	3,275,000	1,114,613	3.65
2018	34,579,510	20,668,017	13,911,493	1,480,000	1,043,288	5.51
2019	35,021,121	18,862,896	16,158,225	1,530,000	998,138	6.39
2020	34,835,219	20,476,713	14,358,506	1,575,000	951,563	5.68
2021	35,186,966	22,636,000	12,550,966	1,630,000	895,338	4.97
2022	33,158,186	17,259,387	15,898,799	1,695,000	820,363	6.32
<u>Sanitary Sewer</u>						
2013	\$ 20,249,977	\$ 13,440,965	\$ 6,809,012	\$ —	\$ 1,030,631	\$ —
2014	21,501,256	14,301,898	7,199,358	745,000	2,740,012	2.07
2015	23,586,443	14,891,692	8,694,751	1,015,000	3,979,597	1.74
2016	24,292,174	15,786,512	8,505,662	1,535,000	4,373,881	1.44
2017	26,286,812	16,173,501	10,113,311	1,945,000	4,327,756	1.61
2018	29,006,929	17,251,859	11,755,070	2,000,000	4,272,308	1.87
2019	30,839,962	17,126,837	13,713,125	2,060,000	4,212,537	2.19
2020	34,488,587	17,742,410	16,746,177	2,130,000	4,145,258	2.67
2021	36,302,460	18,712,810	17,589,650	2,205,000	4,070,631	2.80
2022	36,993,679	19,602,997	17,390,682	2,280,000	3,478,071	3.02

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

- Notes:
- (1) Operating expenses exclude depreciation, interest expense, amortization, non-operating expenses, OPEB, net pension expense (GASB 68), and payments in lieu of taxes.
  - (2) Numbers displayed for Power and Light are in accordance with FERC accounting. Numbers displayed for Water are in accordance with NARUC accounting.

**Table 21**

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (A)</u>	<u>Median Age (A)</u>	<u>School Enrollment (B)</u>	<u>Unemployment Rate (A)</u>
2012	117,213	\$ 2,723,795,694	\$ 23,238	38.18	24,900	7.10%
2013	117,240	2,778,588,000	23,700	39.60	25,320	6.90%
2014	117,494	2,763,928,856	23,524	41.80	24,304	6.70%
2015	117,255	2,850,820,815	24,313	38.60	25,173	5.60%
2016	117,030	3,183,801,150	27,205	39.30	25,076	5.50%
2017	117,306	3,011,010,408	25,668	37.80	25,158	4.70%
2018	116,925	3,445,545,900	29,468	40.20	25,023	4.10%
2019	116,673	2,956,610,493	25,341	36.80	24,408	4.00%
2020	(1) 117,139	3,302,968,383	28,197	39.50	22,684	8.00%
2021	122,083	3,695,818,659	30,273	43.70	22,583	6.40%

Note: (1) At the time of preparation of the fiscal year 2021 ACFR, the calendar year 2020 statistics were not yet available for population, per capita personal income, or median age and the 2019 statistics were used for those categories. The 2020 statistics were available and updated during the preparation of the fiscal year 2022 ACFR.

Sources: (A) Information provided by U.S. Census Bureau, Mid-America Regional Council or Claritas, Inc.  
(B) Information provided by school districts.

Table 22

**City of Independence, Missouri**  
Principal Employers  
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independence School District	2,153	1	4.00%	2,043	2	3.75%
Centerpoint Medical Center	1,850	2	3.44%	1,600	3	2.94%
Winchester (Lake City)	1,545	3	2.87%	2,600	1	4.78%
City of Independence	1,064	4	1.98%	1,137	4	2.09%
Government Employee Health Association	770	5	1.43%	650	5	1.19%
Phoenix Home Health	550	6	1.02%			0.00%
Rosewood Health Center at the Groves	430	7	0.80%	400	6	0.73%
Unilever	385	8	0.72%	220	10	0.40%
Cable Dahmer Automotive	340	9	0.63%			0.00%
Burd & Fletcher	334	10	0.62%	350	7	0.64%
Jackson County Circuit Court				274	8	0.50%
Mid-Continent Library				248	9	0.46%
<b>Total</b>	<b>9,421</b>		<b>17.16%</b>	<b>9,522</b>		<b>17.48%</b>

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
City Council Office	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00	10.00	10.00
City Clerk	6.00	7.00	7.00	7.00	7.00	5.00	2.00	2.00	2.00	2.00
City Manager	7.00	7.00	7.00	7.00	7.00	7.00	8.80	8.83	7.83	6.50
National Frontiers Trails Museum	5.75	5.75	5.00	—	—	—	—	—	—	—
Technology Services	22.00	22.00	23.00	24.00	24.00	19.00	13.48	13.00	11.00	17.85
Municipal Court	14.67	14.65	14.65	14.65	14.65	13.64	13.64	13.64	13.64	14.34
Law - General fund	6.25	6.25	6.23	6.23	6.21	5.71	5.46	2.00	1.50	1.00
Law - Grant fund	0.25	0.25	0.28	0.28	0.16	0.16	0.29	—	1.00	1.00
Finance	22.65	22.65	22.15	22.15	22.15	16.15	17.41	18.29	15.00	14.38
Human Resources	6.44	7.44	6.75	6.75	6.75	5.00	5.00	5.00	4.00	6.00
<b>Public Safety</b>										
Police - General Fund	276.91	291.91	296.91	296.91	295.91	281.26	294.36	318.96	292.36	288.08
Police - Grant Fund	13.00	13.00	7.00	7.00	6.00	7.00	7.00	—	—	6.25
Police - Use Tax Fund	—	—	—	—	—	—	—	—	6.00	30.00
Fire - General Fund	173.25	169.25	169.75	173.75	173.75	172.75	175.50	172.50	176.00	176.50
Fire - Grant Fund	0.75	4.75	5.25	1.25	1.25	1.25	1.25	1.00	1.50	—
Fire - Sales Tax Fund	—	—	—	—	—	—	1.50	1.50	2.00	2.00
<b>Municipal Services</b>										
General Fund	79.90	80.27	80.27	80.27	80.27	64.00	66.50	63.00	50.45	44.14
Street Sales Tax Fund	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	8.40
<b>Health and Welfare</b>										
General Fund	40.20	29.33	28.56	28.56	29.52	15.10	—	—	—	—
Grant Fund	7.65	9.06	6.86	7.13	8.15	8.40	—	—	—	5.00
Health Property Tax Levy	—	—	—	—	—	—	—	—	9.00	13.90
Animal Shelter Use Tax Fund	—	—	—	—	—	—	—	—	15.35	13.85
<b>Culture and Recreation</b>										
General Fund	30.15	27.85	27.10	27.10	26.52	22.69	27.43	19.45	—	—
Tourism Fund	4.66	5.66	8.18	14.18	13.00	14.25	14.42	16.82	14.96	11.62
Park Improvement Sales Tax Fund	20.75	24.70	26.61	26.61	28.22	29.06	34.31	31.93	31.80	33.46
Parks & Recreation Property Tax Levy	—	—	—	—	—	—	—	—	24.83	26.40
<b>Community Development</b>										
General Fund	27.30	27.30	28.68	28.68	28.18	28.50	33.82	31.96	34.25	35.65
Community Dev Block Grant Fund	2.00	2.00	2.00	2.00	2.00	2.00	1.40	1.50	1.30	1.30
HOME Program Fund	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.42	0.55	0.45
<b>Storm Water</b>										
Water Poll Control - General Fund	—	—	—	—	—	—	—	—	—	—
Storm Water Sales Tax Fund	13.00	13.00	13.00	13.00	13.00	13.00	15.05	13.95	13.80	16.93
<b>Power and Light</b>										
Finance & Administration - General Fund	1.50	1.50	1.50	1.50	1.50	1.50	1.50	—	3.00	—
Power and Light	236.00	238.00	239.00	239.00	239.00	228.00	225.00	212.00	173.80	184.22
<b>Water</b>										
Finance - General fund	0.85	0.85	0.85	0.85	0.85	0.85	0.85	—	—	—
Water	93.42	92.42	93.42	93.42	93.42	93.40	92.90	90.80	95.74	98.57
<b>Sewer</b>										
Public Works - General fund	1.00	1.00	1.00	1.00	1.00	—	—	—	—	—
Water Pollution Control	70.00	70.00	70.00	73.20	73.20	73.90	69.45	72.70	63.64	69.83
<b>Central Garage Fund</b>	9.75	9.75	9.75	9.75	9.75	8.00	8.50	8.50	8.50	9.30
<b>Worker' Compensation Fund</b>	2.00	2.00	2.00	2.00	2.00	2.00	2.00	—	—	0.12
<b>Total</b>	<u>1,209.05</u>	<u>1,220.59</u>	<u>1,223.75</u>	<u>1,229.22</u>	<u>1,228.41</u>	<u>1,152.57</u>	<u>1,152.32</u>	<u>1,131.75</u>	<u>1,087.80</u>	<u>1,149.04</u>

Source: City of Independence Budget

Note: During 2015-16 the National Frontiers Trails Museum moved from the General Fund to the Tourism Fund.

Note: During 2018-19 the Health Department was restructured and remaining employees were moved to other departments.

Note: During 2020-2021, the Health Department was re-established.

Note: Fiscal Year 2020-2021 was the first full fiscal year that the Animal Shelter Use Tax Fund and the Police Use Tax Fund were budgeted and operational for a full fiscal year.

Table 24

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Public Safety</b>										
Police										
Police Incident Calls	112,197	90,403	105,840	99,355	147,127	46,024	100,073	91,870	94,609	88,470
Traffic Unit Citations Issued	33,234	40,761	36,864	37,921	27,561	11,761	13,906	8,194	8,530	17,242
Fire										
Total Alarms	17,126	16,929	18,737	20,175	20,790	21,603	22,214	21,500	23,412	26,744
Public Education Audience	26,099	25,591	14,787	6,692	13,066	34,800	7,895	9,200	1,000	1,638
<b>Municipal Services</b>										
Street Overlay (lane miles)	32	39	49	69	110	57	68	61	47	38
Street Patching Jobs	4,319	7,718	7,561	4,319	6,067	6,610	11,938	8,556	7,666	7,270
<b>Health and Welfare</b>										
Food Handlers Trained	5,863	5,187	5,712	4,845	4,407	4,715	3,856	3,017	2,544	3,022
Flu Shots Given	—	—	3,200	2,434	1,741	500	352	304	—	—
Animal Control Service Calls	6,343	6,255	5,452	5,008	4,221	4,105	442	3,811	4,076	4,701
<b>Culture and Recreation</b>										
Park Shelter Reservations	579	657	698	652	640	535	581	310	424	1,098
Number of Sermon Center Memberships	1,671	1,332	1,618	2,065	1,840	1,441	1,246	865	517	2,390
<b>Community Development</b>										
Permits Issued	2,728	3,049	3,155	3,002	3,656	2,509	979	619	718	732
<b>Tourism</b>										
Site Attendance	130,249	293,772	409,320	299,457	292,603	285,823	256,209	214,644	1,758	15,102
National Frontiers Trails Museum Number of visitors to museum	12,932	13,470	13,532	14,645	17,934	18,176	16,418	7,990	—	3,875
<b>Power and Light</b>										
Average number of monthly customers	56,297	56,474	56,709	56,908	57,123	57,413	57,897	57,832	57,557	58,586
<b>Water</b>										
Number of customers	48,121	48,253	48,384	48,615	48,863	48,799	48,841	50,489	49,432	49,476
Water main breaks	402	318	227	184	199	256	322	208	240	206
<b>Sewer</b>										
Number of customers	44,062	44,166	44,793	44,559	44,755	45,115	44,642	45,316	45,484	45,317
Wastewater Treated (Million Gallons)	2,361	2,124	2,558	3,229	2,603	2,228	3,400	3,290	3,030	2,433

Source: City of Independence

Note: During 2015-16 the National Frontiers Trails Museum moved from the General Fund to the Tourism Fund.

Note: Police incident calls on the above schedule are lower during 2017-18, due to a computer software upgrade and relocation of the Communications Division. Reporting for this statistic is expected to return to a normal range during 2018-19.

Note: During 2020-2021 the number of public education audience for Fire declined to less than 1,000 due to COVID-19 pandemic restrictions. The audience remained low during 2021-2022 due to COVID-19 pandemic restrictions.

Note: During 2020-2021 the number of memberships for the Sermon Center declined due to the COVID-19 pandemic and facility closures.

Note: Attendance to tourist sites and the National Frontier Trails Museum declined during 2020-2021 due to facility closures and restraints as a result of the COVID-19 pandemic.

Table 25

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Public Safety</b>										
Police										
Police stations	5	5	5	3	4	5	7	7	7	7
Vehicles	191	191	194	185	200	209	216	208	224	221
K - 9 Facility	1	1	1	1	1	1	1	1	1	1
Fire										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Fire Training Facilities	1	1	1	1	1	1	1	1	1	1
Vehicles	44	45	46	45	48	48	48	48	46	48
<b>Municipal Services</b>										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	560	560	560	578	592	592	592	599	616	616
<b>Culture and Recreation</b>										
Park acreage	843	887	887	843	827	788	798	798	798	793
Parks	46	42	43	46	44	41	41	41	41	43
Community Centers	3	3	3	3	3	3	3	3	3	3
Fitness Centers	2	3	3	2	2	2	2	2	2	2
Ball Fields	45	44	44	44	41	38	43	43	43	43
<b>Power and Light</b>										
Power stations	6	6	6	6	5	5	5	3	3	3
Transmission/Distribution Circuits (miles)	853	869	870	888	888	889	889	890	868	869
Maximum daily use (Mwh)	5,654	4,818	4,754	4,983	5,166	5,166	5,094	5,042	4,694	4,952
<b>Water</b>										
Water mains (miles)	758	759	760	760	761	763	764	764	764	766
Fire hydrants	4,875	4,910	4,933	4,950	4,967	5,016	5,042	5,053	5,057	5,093
Maximum daily pumpage (millions of gallons)	47	40	37	39	36	37	36	34	38	35
<b>Sewer</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	614	614	614	616	619	619	618	614	614	618
Maximum daily capacity of treatment (MGD)	16	32	32	32	27	32	32	32	32	32

Source: City of Independence

Note: Number of parks increased as a result of adding Cassell Park, which was not previously included, as well as separating Crackerneck Park from Van Hook Park.



**INDEPENDENCE**  
★ MISSOURI ★

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