

Annual Report
For the fiscal year ended December 31, 2023

CITY OF INDEPENDENCE, KANSAS

Certain operating data for the City of Independence, Kansas (the “City”) for the fiscal year ended December 31, 2023, is attached as **Exhibit A**. The City’s audited financial statements for the fiscal year ended December 31, 2023, are attached as **Exhibit B**.

Additionally, the City incorporates by reference into this Annual Report any information that is required by the Undertaking (defined below) contained in the City’s Official Statement dated January 9, 2024, for the \$4,565,000 aggregate principal amount of General Obligation Temporary Notes, Series 2024-1, which is available on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system website at www.emma.msrb.org, including the information under the following headings included in Appendix A:

- FINANCIAL INFORMATION – Property Tax Levies and Collections – *Tax Rates*
- FINANCIAL INFORMATION – Property Tax Levies and Collections – *Aggregate Tax Levies*
- DEBT STRUCTURE – Current Indebtedness
- DEBT STRUCTURE – Lease Obligations
- DEBT STRUCTURE – State Loans
- DEBT STRUCTURE – Overlapping Indebtedness

Together, the attached and incorporated by reference operating data and the attached audited financial statements constitute the City’s Annual Report, which is required by the City’s continuing disclosure obligations (collectively, the “**Undertaking**”) pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, for the securities listed on **Schedule 1**.

The information contained in this Annual Report is current as of December 31, 2023, or as otherwise indicated. Certain information in this Annual Report has been provided by third-party sources. Nothing contained in the Undertaking or this Annual Report is, or should be construed as, a representation by any person, including the City, that this Annual Report includes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed on Schedule 1, or any other securities of the City. Nothing contained in this Annual Report obligates the City to update any of the financial information or operating data contained in this Annual Report.

For additional information, contact:

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CITY OF INDEPENDENCE, KANSAS

Date: September 23, 2024

Schedule 1

Related Securities

SERIES 2015A BONDS

Issuer: City of Independence, Kansas
Issue Name: \$1,960,000 City of Independence, Kansas General Obligation Bonds, Series 2015A
Date of Issuance: July 22, 2015

SERIES 2016A BONDS

Issuer: City of Independence, Kansas
Issue Name: \$1,875,000 City of Independence, Kansas General Obligation Refunding Bonds, Series 2016A
Date of Issuance: July 12, 2016

SERIES 2019 BONDS

Issuer: City of Independence, Kansas
Issue Name: \$1,430,000 City of Independence, Kansas General Obligation Refunding Bonds, Series 2019
Date of Issuance: October 2, 2019

SERIES 2022A BONDS

Issuer: City of Independence, Kansas
Issue Name: \$13,925,000 City of Independence, Kansas General Obligation Bonds, Series 2022-A
Date of Issuance: June 30, 2022

SERIES 2024-1 NOTES

Issuer: City of Independence, Kansas
Issue Name: \$4,565,000 City of Independence, Kansas General Obligation Temporary Notes, Series 2024-1
Date of Issuance: February 1, 2024

Exhibit A

Operating data of the City for the fiscal year ended December 31, 2023

Property Valuations

There were no material adverse changes to the City's "Property Valuations" disclosure, which describes the process and procedures for the determination of assessed valuation and collection of property taxes in the State of Kansas.

Sources of Revenue

The City finances its general operations through the local property tax levy, various other taxes, a variety of license and permit fees, and other miscellaneous sources as indicated below for the 2023 fiscal year:

<u>Source</u>	<u>Percent</u>
Local property tax	23%
Franchise fees	6
Sales Tax	29
Fines and penalties	2
Payments made by utility enterprises	19
Federal and State grants	2
Miscellaneous	<u>19</u>
Total:	100%

Source: The City Clerk

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the City for the following years:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2023	\$56,904,528	\$1,024,766	\$4,849,439	\$7,286,070	\$70,064,803
2022	45,121,416	1,058,885	5,075,236	7,421,766	58,677,303
2021	41,630,627	969,626	4,992,291	8,023,844	55,616,388
2020	41,004,869	974,828	5,069,577	7,623,908	54,673,182
2019	41,160,816	1,135,965	4,938,701	7,591,608	54,827,090

Source: County Clerk

Tax Collection Record

The following table sets forth tax collection information for the City for the years indicated:

<u>Year</u>	<u>Total Levy</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected</u>		<u>Current & Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022/23	54.515	\$2,802,937	\$2,642,134	94.26%	\$2,713,160	96.80%
2021/22	55.249	2,591,902	2,450,690	94.55%	2,518,587	97.17%
2020/21	55.249	2,580,401	2,445,157	94.76%	2,485,048	96.30%
2019/20	55.032	2,569,022	2,367,201	92.14%	2,368,683	92.20%
2018/19	54.422	2,593,805	2,402,742	92.63%	2,405,181	92.73%

Source: County Clerk

Major Taxpayers

The following table sets forth the ten largest taxpayers in the City for taxes levied in 2023:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1. Exchangeright Net-Leased	\$5,006,976	\$956,357.46
2 Atmos Energy Corp	2,797,848	534,402.96
3. Wal-Mart Real Estate Business	1,377,751	263,157.34
4. Evergy Kansas South Inc.	1,347,317	257,344.28
5. Mator Metal Fabrication Inc.	1,167,123	222,926.34
6. Specialized Vehicle Corp	813,618	155,405.12
7. Wichita Edgemoor, LLC	404,490	76,776.04
8. St. John Building Corporation	387,586	74,030.86
9. MA AMBA Independence LP	367,573	70,208.28
10. Kansas Aviation of Independence LLC	343,478	65,606.02

Source: County Clerk

Pension and Employee Retirement Plans

The City participates in the Kansas Public Employees Retirement System (“KPERs”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members, each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERs and manage a staff to carry out daily operations of the system.

As of December 31, 2023, KPERs serves approximately 330,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen’s Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* — includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* — all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The City's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for the School Group. For more information about the Legislature's actions related to KPERS, please see the 2023 Valuation Report referenced below.

The City's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City's contribution is 9.26% of the employee's gross salary for calendar year 2024. The City's contribution is projected to change to 9.71% of gross compensation for calendar year 2025. In addition, the City contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2023 (the "2023 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.090 billion at the end of 2023. The amount of the UAAL in 2023 changed from the previous year's amount due to the factors discussed in the 2023 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2023 Valuation Report is available on the KPERS website at <https://www.kpers.org/valuationreport123123.pdf>. The City has no means to independently verify any of the information set forth on the KPERS website or in the 2023 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2023 Valuation Report sets the employer contribution rate for calendar year 2026, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.6% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2023 Valuation Report. The statutory contribution rate of employers currently equals the 2023 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

Exhibit B

Audited financial statements of the City for the fiscal year ended December 31, 2023

CITY OF INDEPENDENCE, KANSAS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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CITY OF INDEPENDENCE, KANSAS
Financial Statements
For the Year Ended December 31, 2023
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Independence, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Independence, Kansas and its related municipal entity, the Housing Authority of The City of Independence, Kansas (collectively, the City), as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 statement.

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 statement, 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 statement.
- 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 statement.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements-agency funds and the schedule of regulatory basis receipts and expenditures-related municipal entity (Schedules 1, 2, 3 and 4) as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024, on our consideration of the City's internal controls over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Other Matters

The 2022 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Independence, Kansas, as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated June 19, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipalservices>. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 19, 2024

CITY OF INDEPENDENCE, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add: Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
General Funds:						
General	\$ 1,727,867	\$ 8,676,568	\$ 8,923,712	\$ 1,480,723	\$ 425,823	\$ 1,906,546
Special Purpose Funds:						
General Fund Employee Benefits	68,888	812,332	865,299	15,921	11,284	27,205
Library	-	230,158	230,158	-	-	-
Special Alcohol	66,225	38,957	30,000	75,182	-	75,182
Special Parks and Recreation	85,151	45,279	24,000	106,430	-	106,430
Industrial	759	29,276	25,000	5,035	-	5,035
Liability Insurance	177,855	136,695	89,736	224,814	-	224,814
Economic Development and Transportation	1,391,591	1,274,804	506,582	2,159,813	5,000	2,164,813
Special Use Sales Tax (New)	-	2,478,539	2,478,539	-	-	-
Educational Sales Tax	-	2,478,539	2,293,766	184,773	-	184,773
Quality of Life Sales Tax	14,121	-	-	14,121	-	14,121
Special Use Sales Tax (Old)	538,689	-	522,361	16,328	4,375	20,703
Combined Special Highway & Streets	-	365,880	365,880	-	-	-
Special Park	31,012	189,360	172,823	47,549	4,894	52,443
Crime Prevention	589	-	-	589	-	589
Law Enforcement Trust	11,053	16,010	12,469	14,594	-	14,594
Downtown Tree Replacement	15,490	655	-	16,145	-	16,145
Demolition	9,764	56,490	50,013	16,241	-	16,241
Memorial Hall	19,121	-	4,476	14,645	-	14,645
E-911 (Old)	4,697	-	-	4,697	-	4,697
E-911 (New)	255,702	146,249	138,638	263,313	3,671	266,984
K9	28,707	1,002	29,709	-	-	-
Incubator Building	112,705	34,045	50,000	96,750	-	96,750
Logan Foundation	124	-	-	124	-	124
City Grants	216,530	200,493	84,808	332,215	-	332,215
Land Bank	53,793	2,267	596	55,464	-	55,464
Opioid Abatement	2,070	23,513	-	25,583	-	25,583
Employee Wellness	26,602	21,107	811	46,898	-	46,898
Fire/EMS Grant	11,823	5,571	53,092	[35,698]	-	[35,698]
Walmart Grant	3,046	-	-	3,046	-	3,046
Federal Grants	350	135,747	44,816	91,281	-	91,281
Bond and Interest Funds:						
Bond and Interest	644,053	1,837,532	1,921,036	560,549	-	560,549
Capital Project Funds:						
General Capital Reserve	245,402	255,315	119,505	381,212	-	381,212
Streets Capital Reserve	2,696,705	1,870,169	1,647,555	2,919,319	-	2,919,319
Airport Capital Reserve	261,855	253,494	98,360	416,989	24,207	441,196
Water/Sewer Capital Reserve	3,718,351	1,240,290	25,512	4,933,129	-	4,933,129
Skate Park	1,695	-	-	1,695	-	1,695
Water Treatment Facility Upgrade	[211,624]	-	155	[211,779]	-	[211,779]
City Projects	6,238,565	1,156,318	7,732,923	[338,040]	777,519	439,479
Penn/Chestnut - Oak Project	34,943	-	-	34,943	-	34,943
2015-2016 KLINK Project	318,879	-	-	318,879	-	318,879
Curb Ramp Project	748,882	110,834	80,076	779,640	-	779,640

The notes to the financial statements are an integral part of this statement.

CITY OF INDEPENDENCE, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash - Continued
Regulatory Basis
For the Year Ended December 31, 2022

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
<u>Funds</u>						
Capital Project Funds (Continued):						
WPC Loan C20 2043 Project	\$ [228,161]	\$ 698,000	\$ 1,824,021	\$ [1,354,182]	\$ 500	\$ [1,353,682]
12" Pipeline - Bartlett Project	-	11,280,000	2,158,697	9,121,303	-	9,121,303
KPWSL #3058 Waterline Project	-	-	430,170	[430,170]	424,717	[5,453]
Business Funds:						
Airport	109,412	750,557	812,391	47,578	1,555	49,133
Water/Sewer Utility	3,691,980	5,697,388	6,455,642	2,933,726	95,594	3,029,320
Sanitation Utility	530,356	1,225,399	1,353,802	401,953	49,741	451,694
Grinder Pump Replacement	<u>275,601</u>	<u>19,707</u>	<u>5,268</u>	<u>290,040</u>	<u>-</u>	<u>290,040</u>
Total Primary Government	23,951,218	43,794,539	41,662,397	26,083,360	1,828,880	27,912,240
Related Municipal Entity:						
Housing Authority of The City of Independence, Kansas	<u>4,898,299</u>	<u>1,594,873</u>	<u>1,173,743</u>	<u>5,319,429</u>	<u>25,755</u>	<u>5,345,184</u>
Total Reporting Entity (excluding Agency Funds)	<u>\$ 28,849,517</u>	<u>\$ 45,389,412</u>	<u>\$ 42,836,140</u>	<u>\$ 31,402,789</u>	<u>\$ 1,854,635</u>	<u>\$ 33,257,424</u>

COMPOSITION OF CASH:

Community National Bank	
Checking	\$ 13,855,535
Certificates of Deposit	19,421,682
Cash on Hand	<u>850</u>
Total Cash	33,278,067
Less: Agency Funds per Schedule 3	<u>[20,643]</u>
Total Reporting Entity (excluding Agency Funds)	<u>\$ 33,257,424</u>

The notes to the financial statements are an integral part of this statement.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies

The City of Independence, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 et seq. The City operates under a Commission City Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and emergency medical services), highways and streets, water, sewer and trash, social services, culture-recreation, code enforcement, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Independence, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow below. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City is a municipal corporation governed by an elected three-member commission. This financial statement presents the City (the municipality) and its related municipal entity, The Housing Authority of The City of Independence, Kansas, (collectively, the City). This related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, the Independence Public Library.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the *Kansas Municipal Audit and Accounting Guide* (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Housing Authority - The Housing Authority of the City of Independence, Kansas is a municipal corporation responsible for operating the City's housing projects. The Housing Authority is governed by a City appointed five-member board. The Housing Authority can sue and be sued. Bond ordinances and the purchase of real property must be approved by the City. All Housing Authority funds are held by the City of Independence and all financial transactions are processed through the City's administrative offices. The Housing Authority's 2023 financial statements have been included as Schedule 4 of the City's financial statements. Complete audited financial statements are prepared and are available at the Housing Authority's administrative office.

Independence Public Library - The City of Independence Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate audited financial statements are prepared and are available at the Independence Public Library.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2023:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory basis receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

Agency Funds - to account for assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The original budget was amended for the General Fund, Special Use Sales Tax (New) Fund, Special Use Sales Tax (Old) Fund, and the Water/Sewer Utility Fund during the year ended December 31, 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital reserve funds, capital project funds, and the following special purpose and business funds:

- | | |
|----------------------------------|---------------------------------|
| • Special Park Fund | • Incubator Building Fund |
| • Crime Prevention Fund | • Logan Fountain Fund |
| • Law Enforcement Trust Fund | • City Grants Fund |
| • Downtown Tree Replacement Fund | • Land Bank Fund |
| • Demolition Fund | • Opioid Abatement Fund |
| • Memorial Hall Fund | • Employee Wellness Fund |
| • E-911 (Old) Fund | • Fire/EMS Grant Fund |
| • E-911 (New) Fund | • Walmart Grant Fund |
| • K9 Fund | • Federal Grants Fund |
| | • Grinder Pump Replacement Fund |

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the city commission.

NOTE 2 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2023, the City held no such investments.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." The City's deposits were fully secured as of December 31, 2023.

As of December 31, 2023, the City's carrying amount of deposits was \$22,278,067 and the bank balance was \$33,481,550. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$19,631,409 was covered by federal depository insurance and \$13,850,141 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 3 - Compensated Absences

All regular full-time and regular part-time employees of the City shall earn vacation leave. Vacation leave shall be earned beginning with the date of employment. Vacation may not be used during the first twelve months of employment. Vacation is earned at varying rates based on years of service. In the event of termination, unused accrued vacation time is paid out up to 480 for full-time employees. Employees terminated prior to completing one full year of employment shall not be paid for accrued vacation leave.

Sick leave accrues to all full-time employees at the rate of eight hours per month and is limited to 1,440 hours. Sick leave may be accumulated and carried over to the next year but is lost if employment is terminated. If an employee retires under KPERS they shall be eligible to receive 25% of their accumulated sick leave up to a maximum of \$2,000.

The City has not estimated the liability for compensated absences which has been earned, but not taken by City employees, as the amount cannot be reasonably estimated.

NOTE 4 - Defined Benefit Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were \$527,016 for the year ended December 31, 2023.

Net Pension Liability. As of December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was \$5,280,909. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report, including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the KPERS website at www.kpers.org or can be obtained as described above.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 5 - Other Long-Term Obligations from Operations

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

NOTE 6 - Interfund Transfers

Operating transfers were as follows during the year ended December 31, 2023:

From	To	Amount	Statutory Authority
General	Demolition	\$ 50,000	K.S.A. 12-1,118
General	General Capital Reserve	255,315	K.S.A. 12-1,118
General	Economic Dev. and Transportation	500,000	K.S.A. 12-1,118
Economic Dev. and Transportation	City Grants	150,000	K.S.A. 79-2934
Economic Dev. and Transportation	Streets Capital Reserve	100,000	K.S.A. 12-1,118
Economic Dev. and Transportation	Airport Capital Reserve	150,000	K.S.A. 12-1,118
Educational Sales Tax	Bond and Interest	245,700	K.S.A. 12,197
Airport	Airport Capital Reserve	50,000	K.S.A. 12-1,118
Incubator Building	City Grants	50,000	Council motion
K9	Law Enforcement Trust	12,861	Council motion
Special Highway	Streets Capital Reserve	365,880	K.S.A. 12-1,118
Special Use Sales Tax (New)	General	619,635	K.S.A. 12,197
Special Use Sales Tax (New)	Bond and Interest	949,204	K.S.A. 12,197
Special Use Sales Tax (New)	City Projects	116,568	K.S.A. 12,197
Special Use Sales Tax (New)	Streets Capital Reserve	669,205	K.S.A. 12,197
Special Use Sales Tax (New)	Economic Dev. and Transportation	123,927	K.S.A. 12,197
Special Use Sales Tax (Old)	Curb Ramp Project	110,834	K.S.A. 12-1,118
Special Use Sales Tax (Old)	City Projects	375,000	K.S.A. 12-1,118
Streets Capital Reserve	Bond and Interest	561,188	K.S.A. 12-1,118
Water and Sewer Utility	General	856,725	K.S.A. 12-1,825d
Water and Sewer Utility	City Projects	550,000	K.S.A. 12-1,825d
Water and Sewer Utility	Bond and Interest	78,513	K.S.A. 12-1,825d
Water and Sewer Utility	Water/Sewer Capital Reserve	1,044,658	K.S.A. 12-1,825d
Sanitation Utility	General	135,850	K.S.A. 12-1,825d
		<u>\$ 8,121,063</u>	

NOTE 7 - Long-Term Debt

The following table summarizes changes in the City's long-term debt for the year ended December 31, 2023:

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 7 - Long-Term Debt (Continued)

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
General Obligation Bonds	\$ 17,115,000	\$ -	\$ 1,290,000	\$ 15,825,000	\$ 620,256
General Obligation Temporary Notes	-	10,000,000	-	10,000,000	-
State Revolving Loans	3,323,366	-	148,159	3,175,207	47,811
Finance Leases	668,788	-	162,698	506,090	18,451
Total	<u>\$ 21,107,154</u>	<u>\$ 10,000,000</u>	<u>\$ 1,600,857</u>	<u>\$ 29,506,297</u>	<u>\$ 686,518</u>

General Obligation Bonds. The following table details the City's outstanding general obligation bonds as of December 31, 2023:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2015-A	2.00 - 3.00%	\$ 985,000	\$ 1,960,000	7/22/2015	10/1/2030
Series 2016-A	2.00 - 3.00%	710,000	1,875,000	7/12/2016	10/1/2026
Series 2019-A	3.00%	845,000	1,430,000	10/2/2019	10/1/2026
Series 2022-A	3.00 - 5.00%	13,285,000	13,925,000	6/30/2022	10/1/2042
Total		<u>\$ 15,825,000</u>			

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,105,000	\$ 578,256	\$ 1,683,256
2025	1,140,000	536,356	1,676,356
2026	1,200,000	492,256	1,692,256
2027	690,000	445,756	1,135,756
2028 - 2032	3,590,000	1,754,181	5,344,181
2033 - 2037	3,720,000	1,161,806	4,881,806
2038 - 2042	4,380,000	494,463	4,874,463
Total	<u>\$ 15,825,000</u>	<u>\$ 5,463,074</u>	<u>\$ 21,288,074</u>

General Obligation Temporary Notes. The following table details the City's outstanding general obligation temporary notes as of December 31, 2023:

<u>General Obligation Temporary Notes</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2023-1	7.00%	<u>\$ 10,000,000</u>	\$ 10,000,000	4/1/2023	4/1/2025

Annual debt service requirements to maturity for the general obligation temporary notes are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 826,389	\$ 826,389
2025	10,000,000	350,000	10,350,000
Total	<u>\$ 10,000,000</u>	<u>\$ 1,176,389</u>	<u>\$ 11,176,389</u>

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 7 - Long-Term Debt (Continued)

On March 1, 2023, the City issued General Obligation Temporary Notes, Series 2023-1, in the amount of \$10,000,000. Proceeds of the notes will be used to provide temporary financing for the construction of certain pipeline infrastructure projects. The notes carry an interest rate of 7.00% and are scheduled to mature on April 1, 2025.

Revolving Loans. The following table details the City's outstanding revolving loan debt as of December 31, 2023:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
KS Water Pollution Control Revolving Fund #1915-01	2.50%	\$ 1,799,614	\$ 3,764,485	10/24/2011	3/1/2034
KS Public Water Supply Loan Fund #2933	2.33%	<u>1,375,593</u>	1,375,593	8/15/2018	8/1/2041
		<u>\$ 3,175,207</u>			

Annual debt service requirements to maturity for Kansas Water Pollution Control Revolving Fund No. 1915-01 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	151,886	44,047	195,933
2025	155,707	40,226	195,933
2026	159,624	36,309	195,933
2027	163,639	32,294	195,933
2028 - 2032	882,056	97,609	979,665
2033 - 2034	<u>286,702</u>	<u>7,197</u>	<u>293,899</u>
Total	<u>\$ 1,799,614</u>	<u>\$ 257,682</u>	<u>\$ 2,057,296</u>

Annual debt service requirements to maturity were not available for Kansas Public Water Supply Loan Fund No. 2933 as the loan was not finalized as of December 31, 2023.

Finance Leases. The following table details the City's outstanding finance lease obligations as of December 31, 2023:

<u>Finance Leases</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Aerial Fire Truck	3.44%	\$ 273,671	\$ 597,896	4/1/2019	4/1/2026
John Deere Tractor and Bushhog	2.45%	28,249	90,288	4/1/2020	4/1/2025
Streetsweeper	1.78%	42,763	149,994	2/11/2021	3/1/2025
Sanitation Truck	1.96%	<u>161,407</u>	199,838	10/19/2022	10/19/2027
Total		<u>\$ 506,090</u>			

Annual debt service requirements to maturity for the finance lease obligations are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	167,208	13,942	181,150
2025	162,283	9,291	171,574
2026	135,065	4,861	139,926
2027	<u>41,534</u>	<u>814</u>	<u>42,348</u>
Total	<u>\$ 506,090</u>	<u>\$ 28,908</u>	<u>\$ 534,998</u>

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 7 - Long-Term Debt (Continued)

Legal Debt Margin. The City is subject to the municipal finance law of the State of Kansas which limits the net bonded debt the City may have outstanding up to 30 percent of the assessed value of all tangible personal property within the City, as certified to the County Clerk on the proceeding August 25. As of December 31, 2023, the statutory limit for the City was \$15,345,120, providing a debt margin of \$14,015,820.

NOTE 8 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. 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 would not have a material effect on any of the financial statements of the City as of December 31, 2023. The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

NOTE 10 - Incentive Grant Agreement

During the year ended December 31, 2021, the City entered into an incentive grant agreement with Labette County Medical Center. This agreement calls for the City to pay Labette County Medical Center \$1,000,000 payable in ten equal annual payments of \$100,000 beginning March 1, 2023. The incentive grant agreement calls for Labette County Medical Center to hire and maintain an increasing number of full-time employees and physicians who live in the City and serve its residents.

On December 28, 2023, the City entered into an incentive grant agreement with KwiKom Communications. This agreement calls for the City to pay KwiKom Communications \$150,000 payable in three equal installments beginning on the date of the agreement. The incentive agreement calls for KwiKom Communications to construct broadband infrastructure within City limits.

NOTE 11 - City Retirement Benefit

The City offers eligible employees a retirement benefit in the form of a health insurance credit. To qualify, employees must be eligible to retire under KPERS. The retiring employee receives a one-year health insurance credit up to 110% of the cost of single health insurance coverage with individual dental coverage for every 10 years of continuous service to the City.

NOTE 12 - Subsequent Events

On February 1, 2024, the City issued General Obligation Temporary Notes, Series 2024-1, in the amount of \$4,565,000. Proceeds of the notes will be used to provide temporary financing for the construction of certain sports complex improvements. The notes carry an interest rate of 4.00% and are scheduled to mature on October 1, 2027.

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CITY OF INDEPENDENCE, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over [Under]</u>
General Funds:					
General	\$ 8,945,098	\$ -	\$ 8,945,098	\$ 8,923,712	\$ [21,386]
Special Purpose Funds:					
General Fund Employee Benefits	922,341	-	922,341	865,299	[57,042]
Library	239,989	-	239,989	230,158	[9,831]
Special Alcohol	30,000	-	30,000	30,000	-
Special Parks and Recreation	49,000	-	49,000	24,000	[25,000]
Industrial	30,350	-	30,350	25,000	[5,350]
Liability Insurance	183,500	-	183,500	89,736	[93,764]
Economic Development and Transportation	514,500	-	514,500	506,582	[7,918]
Special Use Sales Tax (New)	2,575,084	-	2,575,084	2,478,539	[96,545]
Educational Sales Tax	2,342,281	-	2,342,281	2,293,766	[48,515]
Quality of Life Sales Tax	-	-	-	-	-
Special Use Sales Tax (Old)	624,916	-	624,916	522,361	[102,555]
Bond and Interest Funds:					
Bond and Interest	1,910,257	524,816	2,435,073	1,921,036	[514,037]
Business Fund:					
Airport	823,967	-	823,967	812,391	[11,576]
Water/Sewer Utility	6,752,873	-	6,752,873	6,455,642	[297,231]
Sanitation Utility	1,571,398	-	1,571,398	1,353,802	[217,596]

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 1,551,374	\$ 1,639,349	\$ 1,777,244	\$ [137,895]
Delinquent Tax	69,646	107,021	95,000	12,021
Motor Vehicle Tax	206,112	224,358	242,011	[17,653]
Recreational Vehicle Tax	877	1,894	-	1,894
16/20 M Vehicle Tax	1,934	-	-	-
Vehicle Rental Excise Tax	6,741	-	-	-
Commercial Vehicle Tax	6,756	-	-	-
Watercraft Tax	1,297	-	-	-
Neighborhood Revitalization	[16,902]	-	-	-
Mineral Tax	39	-	-	-
In Lieu of Tax	1,380	-	-	-
Nuisance Tax	3,250	11,748	3,000	8,748
Special Assessments	16,500	40,258	50,000	[9,742]
Franchise Tax	489,131	490,988	460,000	30,988
Sales Tax	2,507,233	2,478,539	2,250,000	228,539
Intergovernmental				
Local Alcohol Liquor Tax	40,961	38,957	41,802	[2,845]
Special Highway Tax	228,372	-	-	-
Highway Connecting Links	93,300	-	-	-
County Highway Aid	40,536	-	-	-
Grants	137,892	180,918	183,056	[2,138]
Licenses and Permits	62,732	177,604	97,000	80,604
Fines, Forfeitures and Penalties	99,153	123,865	101,000	22,865
Charges for Services				
Ambulance Fees	794,197	746,475	850,000	[103,525]
Fire Fees	10,744	9,249	6,000	3,249
Cemetery Fees	66,880	59,165	59,500	[335]
Park Fees	48,088	39,820	59,000	[19,180]
Charge Offs and Recoveries	[40,159]	77,497	40,000	37,497
Use of Money and Property				
Interest Income	130,711	426,014	20,000	406,014
Rents	49,212	36,330	46,336	[10,006]
Memorial Hall Fees	31,599	45,133	30,000	15,133
Other Receipts				
Reimbursed Expense	15,500	156,793	3,000	153,793
Miscellaneous	89,306	[47,617]	1,003,576	[1,051,193]
Operating Transfers In	<u>3,007,978</u>	<u>1,612,210</u>	<u>562,500</u>	<u>1,049,710</u>
Total Receipts	<u>9,752,370</u>	<u>8,676,568</u>	<u>\$ 7,980,025</u>	<u>\$ 696,543</u>

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
General Fund - Continued
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures				
Administration				
Personal Services	\$ 351,507	\$ 354,524	\$ 359,387	\$ [4,863]
Contractual Services	119,026	113,421	101,900	11,521
Commodities	6,815	3,221	2,000	1,221
Capital Outlay	1,713	26,229	25,000	1,229
	<u>479,061</u>	<u>497,395</u>	<u>488,287</u>	<u>9,108</u>
Municipal Court Department				
Personal Services	52,473	52,907	54,094	[1,187]
Contractual Services	81,821	82,503	76,650	5,853
Commodities	122	2,744	3,500	[756]
	<u>134,416</u>	<u>138,154</u>	<u>134,244</u>	<u>3,910</u>
City Hall Department				
Contractual Services	4,546	36,292	76,500	[40,208]
Commodities	32	1,074	1,000	74
	<u>4,578</u>	<u>37,366</u>	<u>77,500</u>	<u>[40,134]</u>
General Government				
Personal Services	14,596	17,979	20,000	[2,021]
Contractual Services	625,613	814,418	658,500	155,918
Commodities	9,822	3,379	10,000	[6,621]
Capital Outlay	19,616	1,017	-	1,017
	<u>669,647</u>	<u>836,793</u>	<u>688,500</u>	<u>148,293</u>
Finance and Records Department				
Personal Services	297,598	303,402	306,426	[3,024]
Contractual Services	36,836	48,630	39,500	9,130
Commodities	5,689	15,895	7,000	8,895
Capital Outlay	-	520	-	520
	<u>340,123</u>	<u>368,447</u>	<u>352,926</u>	<u>15,521</u>
Fire Department				
Personal Services	1,304,802	1,351,708	1,406,422	[54,714]
Contractual Services	154,077	175,714	176,500	[786]
Commodities	169,511	146,516	189,500	[42,984]
	<u>1,628,390</u>	<u>1,673,938</u>	<u>1,772,422</u>	<u>[98,484]</u>
EMS Department				
Contractual Services	1,158	16,385	3,000	13,385

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
General Fund - Continued
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Expenditures - Continued				
Police Department				
Personal Services	\$ 1,481,983	\$ 1,416,581	\$ 1,664,701	\$ [248,120]
Contractual Services	115,474	126,873	106,500	20,373
Commodities	70,247	65,639	65,000	639
Capital Outlay	12,100	59,494	-	59,494
	<u>1,679,804</u>	<u>1,668,587</u>	<u>1,836,201</u>	<u>[167,614]</u>
Animal Control Department				
Personal Services	56,611	57,823	58,474	[651]
Contractual Services	13,480	21,022	7,000	14,022
Commodities	6,559	1,051	4,500	[3,449]
Capital Outlay	-	478	25,000	[24,522]
	<u>76,650</u>	<u>80,374</u>	<u>94,974</u>	<u>[14,600]</u>
Emergency Preparedness				
Contractual Services	5,274	14,707	16,000	[1,293]
Commodities	6,946	293	500	[207]
	<u>12,220</u>	<u>15,000</u>	<u>16,500</u>	<u>[1,500]</u>
Building Inspection Department				
Personal Services	47,239	39,443	89,267	[49,824]
Contractual Services	28,053	24,746	17,100	7,646
Commodities	-	340	4,000	[3,660]
	<u>75,292</u>	<u>64,529</u>	<u>110,367</u>	<u>[45,838]</u>
Street Department				
Personal Services	304,336	292,548	364,563	[72,015]
Contractual Services	226,290	159,819	240,000	[80,181]
Commodities	269,593	221,126	252,000	[30,874]
Capital Outlay	-	-	-	-
	<u>800,219</u>	<u>673,493</u>	<u>856,563</u>	<u>[183,070]</u>
Street Lighting Department				
Contractual Services	177,430	162,338	-	162,338
Park Department				
Personal Services	276,597	284,606	308,919	[24,313]
Contractual Services	119,758	194,343	101,500	92,843
Commodities	26,279	41,908	35,000	6,908
Capital Outlay	1,288	2,514	-	2,514
	<u>423,922</u>	<u>523,371</u>	<u>445,419</u>	<u>77,952</u>
Zoo Department				
Personal Services	246,956	273,106	267,658	5,448
Contractual Services	46,222	34,226	44,600	[10,374]
Commodities	84,508	103,439	81,500	21,939
	<u>377,686</u>	<u>410,771</u>	<u>393,758</u>	<u>17,013</u>

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
General Fund - Continued
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures - Continued				
Cemetery Department				
Personal Services	\$ 166,330	\$ 174,882	\$ 197,358	\$ [22,476]
Contractual Services	10,163	9,869	16,378	[6,509]
Commodities	14,702	18,375	14,500	3,875
Capital Outlay	7,000	13,465	15,000	[1,535]
	<u>198,195</u>	<u>216,591</u>	<u>243,236</u>	<u>[26,645]</u>
Memorial Hall Department				
Personal Services	109,702	119,960	109,547	10,413
Contractual Services	205,497	167,445	152,000	15,445
Commodities	14,800	11,435	12,500	[1,065]
Capital Outlay	5,498	-	-	-
	<u>335,497</u>	<u>298,840</u>	<u>274,047</u>	<u>24,793</u>
Building D Department				
Personal Services	49,435	52,596	50,369	2,227
Contractual Services	454,093	342,053	276,720	65,333
Commodities	8,273	9,750	5,000	4,750
Capital Outlay	10,406	-	-	-
	<u>522,207</u>	<u>404,399</u>	<u>332,089</u>	<u>72,310</u>
Special Improvements				
Capital Outlay	22,799	31,626	19,750	11,876
	<u>22,799</u>	<u>31,626</u>	<u>19,750</u>	<u>11,876</u>
Operating Transfers Out	1,086,252	805,315	805,315	-
Total Expenditures	<u>9,045,546</u>	<u>8,923,712</u>	<u>\$ 8,945,098</u>	<u>\$ [21,386]</u>
Receipts Over [Under] Expenditures	706,824	[247,144]		
Unencumbered Cash, Beginning	1,020,785	1,727,867		
Prior Year Cancelled Encumbrance	<u>258</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,727,867</u>	<u>\$ 1,480,723</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
General Fund Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 600,453	\$ 669,244	\$ 725,249	\$ [56,005]
Delinquent Tax	29,668	42,824	50,000	[7,176]
Motor Vehicle Tax	85,666	87,402	93,688	[6,286]
Recreational Vehicle Tax	420	1,816	1,000	816
16/20 M Vehicle Tax	795	-	-	-
Vehicle Rental Excise Tax	2,916	-	-	-
Commercial Vehicle Tax	2,704	-	-	-
Watercraft Tax	519	-	-	-
Neighborhood Revitalization	[6,542]	-	-	-
Mineral Tax	15	-	-	-
In Lieu of Tax	534	-	-	-
Use of Money and Property				
Interest Income	2,185	8,089	1,000	7,089
Other Receipts				
Reimbursed Expense	449	457	-	457
Miscellaneous	-	2,500	243	2,257
Total Receipts	<u>719,782</u>	<u>812,332</u>	<u>\$ 871,180</u>	<u>\$ [58,848]</u>
Expenditures				
General Government				
Personal Services	749,738	744,735	\$ 786,432	\$ [41,697]
Contractual Services	141,951	120,564	135,909	[15,345]
Total Expenditures	<u>891,689</u>	<u>865,299</u>	<u>\$ 922,341</u>	<u>\$ [57,042]</u>
Receipts Over [Under] Expenditures	[171,907]	[52,967]		
Unencumbered Cash, Beginning	<u>240,795</u>	<u>68,888</u>		
Unencumbered Cash, Ending	<u>\$ 68,888</u>	<u>\$ 15,921</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 177,629	\$ 188,729	\$ 204,602	\$ [15,873]
Delinquent Tax	10,101	13,953	8,000	5,953
Motor Vehicle Tax	29,462	26,875	27,738	[863]
Recreational Vehicle Tax	137	601	-	601
16/20 M Vehicle Tax	276	-	-	-
Vehicle Rental Excise Tax	975	-	-	-
Commercial Vehicle Tax	956	-	-	-
Watercraft Tax	184	-	-	-
Neighborhood Revitalization	[1,936]	-	-	-
Mineral Tax	4	-	-	-
In Lieu of Tax	158	-	-	-
Total Receipts	<u>217,946</u>	<u>230,158</u>	<u>\$ 240,340</u>	<u>\$ [10,182]</u>
Expenditures				
Culture and Recreation				
Appropriation to Library Board	<u>217,946</u>	<u>230,158</u>	<u>\$ 239,989</u>	<u>\$ [9,831]</u>
Total Expenditures	<u>217,946</u>	<u>230,158</u>	<u>\$ 239,989</u>	<u>\$ [9,831]</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Special Alcohol Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental				
Local Alcohol Liquor Tax	\$ 40,961	\$ 38,957	\$ 41,802	\$ [2,845]
Total Receipts	<u>40,961</u>	<u>38,957</u>	<u>\$ 41,802</u>	<u>\$ [2,845]</u>
Expenditures				
Culture and Recreation				
Contractual Services	<u>30,000</u>	<u>30,000</u>	\$ 30,000	\$ -
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	10,961	8,957		
Unencumbered Cash, Beginning	<u>55,264</u>	<u>66,225</u>		
Unencumbered Cash, Ending	<u>\$ 66,225</u>	<u>\$ 75,182</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Intergovernmental				
Local Alcohol Liquor Tax	\$ 40,962	\$ 38,956	\$ 41,802	\$ [2,846]
Other Receipts				
Miscellaneous	-	6,323	-	6,323
Total Receipts	<u>40,962</u>	<u>45,279</u>	<u>\$ 41,802</u>	<u>\$ 3,477</u>
Expenditures				
Culture and Recreation				
Contractual Services	<u>22,000</u>	<u>24,000</u>	<u>\$ 49,000</u>	<u>\$ [25,000]</u>
Total Expenditures	<u>22,000</u>	<u>24,000</u>	<u>\$ 49,000</u>	<u>\$ [25,000]</u>
Receipts Over [Under] Expenditures	18,962	21,279		
Unencumbered Cash, Beginning	<u>66,189</u>	<u>85,151</u>		
Unencumbered Cash, Ending	<u>\$ 85,151</u>	<u>\$ 106,430</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Industrial Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 24,444	\$ 23,596	\$ 25,571	\$ [1,975]
Delinquent Tax	708	1,239	500	739
Motor Vehicle Tax	2,588	3,459	3,811	[352]
Recreational Vehicle Tax	6	64	-	64
16/20 M Vehicle Tax	25	-	-	-
Vehicle Rental Excise Tax	74	-	-	-
Commercial Vehicle Tax	95	-	-	-
Watercraft Tax	18	-	-	-
Neighborhood Revitalization	[266]	-	-	-
Mineral Tax	1	-	-	-
In Lieu of Tax	22	-	-	-
Use of Money and Property				
Interest Income	32	918	-	918
Total Receipts	<u>27,747</u>	<u>29,276</u>	<u>\$ 29,882</u>	<u>\$ [606]</u>
Expenditures				
General Government				
Appropriations	27,500	25,000	\$ 27,500	\$ [2,500]
Cash Basis Reserve	-	-	2,850	[2,850]
Total Expenditures	<u>27,500</u>	<u>25,000</u>	<u>\$ 30,350</u>	<u>\$ [5,350]</u>
Receipts Over [Under] Expenditures	247	4,276		
Unencumbered Cash, Beginning	<u>512</u>	<u>759</u>		
Unencumbered Cash, Ending	<u>\$ 759</u>	<u>\$ 5,035</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
 Liability Insurance Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 68,822	\$ 56,576	\$ 61,363	\$ [4,787]
Delinquent Tax	3,667	5,215	5,000	215
Motor Vehicle Tax	10,074	10,130	10,486	[356]
Recreational Vehicle Tax	45	199	-	199
16/20 M Vehicle Tax	94	-	-	-
Vehicle Rental Excise Tax	333	-	-	-
Commercial Vehicle Tax	327	-	-	-
Watercraft Tax	63	-	-	-
Neighborhood Revitalization	[750]	-	-	-
Mineral Tax	2	-	-	-
In Lieu of Tax	61	-	-	-
Use of Money and Property				
Interest Income	1,575	8,512	-	8,512
Other Receipts				
Reimbursed Expense	<u>52,070</u>	<u>56,063</u>	<u>-</u>	<u>56,063</u>
Total Receipts	<u>136,383</u>	<u>136,695</u>	<u>\$ 76,849</u>	<u>\$ 59,846</u>
Expenditures				
General Government				
Contractual Services	78,985	89,736	\$ 88,750	\$ 986
Cash Basis Reserve	<u>-</u>	<u>-</u>	<u>94,750</u>	<u>[94,750]</u>
Total Expenditures	<u>78,985</u>	<u>89,736</u>	<u>\$ 183,500</u>	<u>\$ [93,764]</u>
Receipts Over [Under] Expenditures	57,398	46,959		
Unencumbered Cash, Beginning	<u>120,457</u>	<u>177,855</u>		
Unencumbered Cash, Ending	<u>\$ 177,855</u>	<u>\$ 224,814</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Economic Development and Transportation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Franchise Tax	\$ 322,127	\$ 323,720	\$ 300,000	\$ 23,720
Use of Money and Property				
Interest Income	5,320	305,357	2,000	303,357
Other Receipts				
Reimbursed Expense	-	21,800	-	21,800
Operating Transfers In	<u>797,941</u>	<u>623,927</u>	<u>112,500</u>	<u>511,427</u>
Total Receipts	<u>1,125,388</u>	<u>1,274,804</u>	<u>\$ 414,500</u>	<u>\$ 860,304</u>
Expenditures				
General Government				
Capital Outlay	52,025	106,582	\$ 312,500	\$ [205,918]
Operating Transfers Out	<u>347,974</u>	<u>400,000</u>	<u>202,000</u>	<u>198,000</u>
Total Expenditures	<u>399,999</u>	<u>506,582</u>	<u>\$ 514,500</u>	<u>\$ [7,918]</u>
Receipts Over [Under] Expenditures	725,389	768,222		
Unencumbered Cash, Beginning	<u>666,202</u>	<u>1,391,591</u>		
Unencumbered Cash, Ending	<u>\$ 1,391,591</u>	<u>\$ 2,159,813</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Special Use Sales Tax (New) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ -	\$ 2,478,539	\$ 2,575,084	\$ [96,545]
Total Receipts	-	2,478,539	2,575,084	[96,545]
Expenditures				
Operating Transfers Out	-	2,478,539	\$ 2,575,084	\$ [96,545]
Total Expenditures	-	2,478,539	\$ 2,575,084	\$ [96,545]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Educational Sales Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 2,507,232	\$ 2,478,539	\$ 2,250,000	\$ 228,539
Total Receipts	<u>2,507,232</u>	<u>2,478,539</u>	<u>\$ 2,250,000</u>	<u>\$ 228,539</u>
Expenditures				
Culture and Recreation				
Contractual Services	2,473,788	2,048,066	\$ 2,096,581	\$ [48,515]
Operating Transfers Out	<u>245,000</u>	<u>245,700</u>	<u>245,700</u>	<u>-</u>
Total Expenditures	<u>2,718,788</u>	<u>2,293,766</u>	<u>\$ 2,342,281</u>	<u>\$ [48,515]</u>
Receipts Over [Under] Expenditures	[211,556]	184,773		
Unencumbered Cash, Beginning	<u>211,556</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 184,773</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Quality of Life Sales Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

		Current Year		
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts				
Use of Money and Property				
Interest Income	\$ -	\$ -	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Culture and Recreation				
Capital Outlay	60,144	-	\$ -	\$ -
Total Expenditures	<u>60,144</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[60,144]	-		
Unencumbered Cash, Beginning	<u>74,265</u>	<u>14,121</u>		
Unencumbered Cash, Ending	<u>\$ 14,121</u>	<u>\$ 14,121</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Special Use Sales Tax (Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 2,507,232	\$ -	\$ -	\$ -
Total Receipts	<u>2,507,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General Government				
Capital Outlay	549,909	36,527	\$ 514,082	\$ [477,555]
Operating Transfers Out	<u>2,655,793</u>	<u>485,834</u>	<u>110,834</u>	<u>375,000</u>
Total Expenditures	<u>3,205,702</u>	<u>522,361</u>	<u>\$ 624,916</u>	<u>\$ [102,555]</u>
Receipts Over [Under] Expenditures	[698,470]	[522,361]		
Unencumbered Cash, Beginning	1,143,325	538,689		
Prior Year Cancelled Encumbrance	<u>93,834</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 538,689</u>	<u>\$ 16,328</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
 Combined Special Highway & Streets Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Intergovernmental				
Special Highway Tax	\$ -	\$ 365,880	\$ 612,983	\$ [247,103]
Total Receipts	-	365,880	612,983	[247,103]
Expenditures				
General Government				
Capital Outlay	-	-	\$ 612,983	\$ [612,983]
Operating Transfers Out	-	365,880	-	365,880
Total Expenditures	-	365,880	612,983	[247,103]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Non-Budgeted Special Purpose Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

	Special Park Fund	Crime Prevention Fund	Law Enforcement Trust Fund	Downtown Tree Replacement Fund	Demolition Fund	Memorial Hall Fund
Receipts						
Use of Money and Property						
Interest Income	\$ 1,682	\$ -	\$ 757	\$ 655	\$ -	\$ -
Rents	-	-	-	-	-	-
Other Receipts						
Reimbursed Expense	142,319	-	-	-	-	-
Donations	45,359	-	2,052	-	-	-
Miscellaneous	-	-	340	-	6,490	-
Received from Housing Authority	-	-	-	-	-	-
Operating Transfers In	-	-	12,861	-	50,000	-
Total Receipts	<u>189,360</u>	<u>-</u>	<u>16,010</u>	<u>655</u>	<u>56,490</u>	<u>-</u>
Expenditures						
General Government						
Contractual Services	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Capital Outlay	172,823	-	12,469	-	50,013	4,476
Operating Transfers Out	-	-	-	-	-	-
Total Expenditures	<u>172,823</u>	<u>-</u>	<u>12,469</u>	<u>-</u>	<u>50,013</u>	<u>4,476</u>
Receipts Over [Under] Expenditures	16,537	-	3,541	655	6,477	[4,476]
Unencumbered Cash, Beginning	<u>31,012</u>	<u>589</u>	<u>11,053</u>	<u>15,490</u>	<u>9,764</u>	<u>19,121</u>
Unencumbered Cash, Ending	<u>\$ 47,549</u>	<u>\$ 589</u>	<u>\$ 14,594</u>	<u>\$ 16,145</u>	<u>\$ 16,241</u>	<u>\$ 14,645</u>

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Non-Budgeted Special Purpose Funds-Continued
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

<u>E-911 (Old) Fund</u>	<u>E-911 (New) Fund</u>	<u>K9 Fund</u>	<u>Incubator Building Fund</u>	<u>Logan Fountain Fund</u>	<u>City Grants Fund</u>	<u>Land Bank Fund</u>	<u>Opioid Abatement Fund</u>	<u>Employee Wellness Fund</u>
\$ -	\$ 10,285	\$ 425	\$ -	\$ -	\$ -	\$ 2,267	\$ -	\$ 1,550
-	-	-	34,045	-	-	-	-	-
-	160	-	-	-	493	-	-	-
-	-	577	-	-	-	-	-	-
-	135,804	-	-	-	-	-	23,513	19,557
-	-	-	-	-	200,000	-	-	-
-	-	-	-	-	-	-	-	-
-	<u>146,249</u>	<u>1,002</u>	<u>34,045</u>	<u>-</u>	<u>200,493</u>	<u>2,267</u>	<u>23,513</u>	<u>21,107</u>
-	-	16,515	-	-	-	596	-	-
-	-	333	-	-	-	-	-	-
-	138,638	-	-	-	84,808	-	-	811
-	-	<u>12,861</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	<u>138,638</u>	<u>29,709</u>	<u>50,000</u>	<u>-</u>	<u>84,808</u>	<u>596</u>	<u>-</u>	<u>811</u>
-	7,611	[28,707]	[15,955]	-	115,685	1,671	23,513	20,296
<u>4,697</u>	<u>255,702</u>	<u>28,707</u>	<u>112,705</u>	<u>124</u>	<u>216,530</u>	<u>53,793</u>	<u>2,070</u>	<u>26,602</u>
<u>\$ 4,697</u>	<u>\$ 263,313</u>	<u>\$ -</u>	<u>\$ 96,750</u>	<u>\$ 124</u>	<u>\$ 332,215</u>	<u>\$ 55,464</u>	<u>\$ 25,583</u>	<u>\$ 46,898</u>

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Grant Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

	Fire/EMS Grant <u>Fund</u>	Walmart Grant <u>Fund</u>	Federal Grants <u>Fund</u>
Receipts			
Intergovernmental			
Grants	\$ 5,494	\$ -	\$ 85,747
Other Receipts			
Reimbursed Expense	-	-	50,000
Donations	<u>77</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>5,571</u>	<u>-</u>	<u>135,747</u>
Expenditures			
General Government			
Capital Outlay	<u>53,092</u>	<u>-</u>	<u>44,816</u>
Total Expenditures	<u>53,092</u>	<u>-</u>	<u>44,816</u>
Receipts Over [Under] Expenditures	[47,521]	-	90,931
Unencumbered Cash, Beginning	<u>11,823</u>	<u>3,046</u>	<u>350</u>
Unencumbered Cash, Ending	<u>\$ [35,698]</u>	<u>\$ 3,046</u>	<u>\$ 91,281</u>

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ [20]	\$ -	\$ -	\$ -
Delinquent Tax	725	216	-	216
Motor Vehicle Tax	-	16	-	16
Special Assessments	8,411	2,696	7,000	[4,304]
Bond Proceeds	14,367,325	-	-	-
Operating Transfers In	1,447,940	1,834,604	2,210,256	[375,652]
Total Receipts	<u>15,824,381</u>	<u>1,837,532</u>	<u>\$ 2,217,256</u>	<u>\$ [379,724]</u>
Expenditures				
Debt Service				
Principal	1,210,000	1,290,000	\$ 1,290,000	\$ -
Interest	258,102	620,256	620,257	[1]
Cost of Issuance	357,543	10,780	-	10,780
Operating Transfers Out	14,000,000	-	-	-
Cash Basis Reserve	-	-	524,816	[524,816]
Total Expenditures	<u>15,825,645</u>	<u>1,921,036</u>	<u>\$ 2,435,073</u>	<u>\$ [514,037]</u>
Receipts Over [Under] Expenditures	[1,264]	[83,504]		
Unencumbered Cash, Beginning	<u>645,317</u>	<u>644,053</u>		
Unencumbered Cash, Ending	<u>\$ 644,053</u>	<u>\$ 560,549</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Capital Reserve Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

	General Capital Reserve <u>Fund</u>	Streets Capital Reserve <u>Fund</u>	Airport Capital Reserve <u>Fund</u>	Water/Sewer Capital Reserve <u>Fund</u>
Receipts				
Intergovernmental				
Special Highway Tax	\$ -	\$ 104,174	\$ -	\$ -
Use of Money and Property				
Interest Income	-	-	-	195,632
Other Receipts				
Reimbursed Expense	-	73,463	-	-
Miscellaneous	-	557,446	53,494	-
Operating Transfers In	<u>255,315</u>	<u>1,135,086</u>	<u>200,000</u>	<u>1,044,658</u>
Total Receipts	<u>255,315</u>	<u>1,870,169</u>	<u>253,494</u>	<u>1,240,290</u>
Expenditures				
General Government				
Capital Outlay	-	1,086,367	98,360	25,512
Operating Transfers Out	-	561,188	-	-
Finance Lease Payment	<u>119,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>119,505</u>	<u>1,647,555</u>	<u>98,360</u>	<u>25,512</u>
Receipts Over [Under] Expenditures	135,810	222,614	155,134	1,214,778
Unencumbered Cash, Beginning	<u>245,402</u>	<u>2,696,705</u>	<u>261,855</u>	<u>3,718,351</u>
Unencumbered Cash, Ending	<u>\$ 381,212</u>	<u>\$ 2,919,319</u>	<u>\$ 416,989</u>	<u>\$ 4,933,129</u>

* - These funds are not required to be budgeted.

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CITY OF INDEPENDENCE, KANSAS
 Capital Project Funds
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2023

	Skate Park Fund	Water Treatment Facility Upgrade Fund	City Projects Fund	Penn/Chestnut - Oak Project Fund
Receipts				
Other Receipts				
Donations	\$ -	\$ -	\$ 40,000	\$ -
Reimbursed Expense	-	-	-	-
Miscellaneous	-	-	74,750	-
Intergovernmental				
Grants	-	-	-	-
Temporary Note Proceeds	-	-	-	-
Operating Transfers In	-	-	1,041,568	-
Total Receipts	-	-	1,156,318	-
Expenditures				
General Government				
Capital Outlay	-	155	7,732,923	-
Total Expenditures	-	155	7,732,923	-
Receipts Over [Under] Expenditure	-	[155]	[6,576,605]	-
Unencumbered Cash, Beginning	1,695	[211,624]	6,238,565	34,943
Unencumbered Cash, Ending	<u>\$ 1,695</u>	<u>\$ [211,779]</u>	<u>\$ [338,040]</u>	<u>\$ 34,943</u>

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
 Capital Project Funds - Continued
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2023

2015-2016 KLINK Project Fund	Curb Ramps Project Fund	WPC Loan C20 2043 Project Fund	12" Pipeline - Bartlett Project Fund	KPWSL #3058 Waterline Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	[20,000]	-
-	-	-	-	-
-	-	698,000	1,300,000	-
-	-	-	10,000,000	-
-	110,834	-	-	-
-	110,834	698,000	11,280,000	-
-	80,076	1,824,021	2,158,697	430,170
-	80,076	1,824,021	2,158,697	430,170
-	30,758	[1,126,021]	9,121,303	[430,170]
318,879	748,882	[228,161]	-	-
<u>\$ 318,879</u>	<u>\$ 779,640</u>	<u>\$ [1,354,182]</u>	<u>\$ 9,121,303</u>	<u>\$ [430,170]</u>

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
 Airport Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for Service				
Fuel Sales	\$ 790,998	\$ 584,253	\$ 590,000	\$ [5,747]
Rents	58,904	131,585	130,600	985
Use of Money and Property				
Interest Income	1,773	2,596	1,000	1,596
Other Receipts				
Reimbursed Expense	728	26,999	-	26,999
Miscellaneous	35,037	5,124	4,000	1,124
Total Receipts	<u>887,440</u>	<u>750,557</u>	<u>\$ 725,600</u>	<u>\$ 24,957</u>
Expenditures				
Finance and Records Department				
Personal Services	103,106	99,575	\$ 113,843	\$ [14,268]
Contractual Services	200,370	177,367	143,978	33,389
Commodities	735,725	466,152	496,846	[30,694]
Capital Outlay	8,665	-	3	[3]
Finance Lease Payments	19,297	19,297	19,297	-
Operating Transfers Out	-	50,000	50,000	-
Total Expenditures	<u>1,067,163</u>	<u>812,391</u>	<u>\$ 823,967</u>	<u>\$ [11,576]</u>
Receipts Over [Under] Expenditures	[179,723]	[61,834]		
Unencumbered Cash, Beginning	<u>289,135</u>	<u>109,412</u>		
Unencumbered Cash, Ending	<u>\$ 109,412</u>	<u>\$ 47,578</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for Service				
Water Sales	\$ 3,071,223	\$ 2,963,260	\$ 3,013,500	\$ [50,240]
Sewer Charges	2,490,016	2,434,668	2,525,000	[90,332]
Late Fees	121,856	98,793	125,000	[26,207]
Turn on & Turn off	40,693	27,199	35,000	[7,801]
Charge Offs and Recoveries	[67,446]	[2,945]	-	[2,945]
Other Charges	-	5,000	-	5,000
Use of Money and Property				
Interest Income	26,395	125,511	120,000	5,511
Other Receipts				
Reimbursed Expense	-	29,803	-	29,803
Miscellaneous	17,646	16,099	6,326	9,773
Total Receipts	<u>5,700,383</u>	<u>5,697,388</u>	<u>\$ 5,824,826</u>	<u>\$ [127,438]</u>
Expenditures				
Water Production				
Personal Services	513,053	508,318	\$ 528,266	\$ [19,948]
Contractual Services	305,743	418,108	319,000	99,108
Commodities	459,731	558,665	506,000	52,665
	<u>1,278,527</u>	<u>1,485,091</u>	<u>1,353,266</u>	<u>131,825</u>
Water Distribution				
Personal Services	462,929	535,084	615,719	[80,635]
Contractual Services	106,748	41,206	35,000	6,206
Commodities	237,762	442,155	361,500	80,655
	<u>807,439</u>	<u>1,018,445</u>	<u>1,012,219</u>	<u>6,226</u>
Sewer Treatment				
Personal Services	229,675	211,915	236,868	[24,953]
Contractual Services	193,506	171,378	305,000	[133,622]
Commodities	72,104	56,542	68,000	[11,458]
	<u>495,285</u>	<u>439,835</u>	<u>609,868</u>	<u>[170,033]</u>

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Water and Sewer Utility Fund - Continued
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures (Continued)				
Sewer Collections				
Personal Services	\$ 70,112	\$ 77,234	\$ 73,741	\$ 3,493
Contractual Services	15,775	27,384	31,000	[3,616]
Commodities	111,287	54,159	168,000	[113,841]
Capital Outlay	36,091	50,000	50,000	-
	<u>233,265</u>	<u>208,777</u>	<u>322,741</u>	<u>[113,964]</u>
Water/Sewer Administration				
Personal Services	133,141	137,668	135,021	2,647
Contractual Services	390,905	391,863	357,918	33,945
Commodities	4,849	8,056	3,000	5,056
Capital Outlay	83,461	32,051	225,000	[192,949]
	<u>612,356</u>	<u>569,638</u>	<u>720,939</u>	<u>[151,301]</u>
Debt Service				
Principal	144,523	195,933	195,933	-
	<u>144,523</u>	<u>195,933</u>	<u>195,933</u>	<u>-</u>
Mg Co Sewer District KDHE	8,028	8,028	8,011	17
Operating Transfers Out	<u>2,056,002</u>	<u>2,529,895</u>	<u>2,529,896</u>	<u>[1]</u>
Total Expenditures	<u>5,635,425</u>	<u>6,455,642</u>	<u>\$ 6,752,873</u>	<u>\$ [297,231]</u>
Receipts Over [Under] Expenditures	<u>64,958</u>	<u>[758,254]</u>		
Unencumbered Cash, Beginning	3,617,022	3,691,980		
Prior Year Cancelled Encumbrance	<u>10,000</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 3,691,980</u>	<u>\$ 2,933,726</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Sanitation Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year	Current Year		Variance Over Under
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for Service				
Trash Collections	\$ 1,188,482	\$ 1,201,265	\$ 1,210,000	\$ [8,735]
Charge Offs and Recoveries	[9,517]	[13,460]	5,000	[18,460]
Other Charges	8,478	10,057	10,000	57
Use of Money and Property				
Interest Income	6,324	21,426	2,500	18,926
Other Receipts				
Miscellaneous	11,727	6,111	5,000	1,111
Finance Lease Proceeds	199,838	-	-	-
Total Receipts	<u>1,405,332</u>	<u>1,225,399</u>	<u>\$ 1,232,500</u>	<u>\$ [7,101]</u>
Expenditures				
Collections				
Personal Services	520,275	508,218	\$ 541,588	\$ [33,370]
Contractual Services	583,432	577,701	531,610	46,091
Commodities	100,215	76,791	101,000	[24,209]
Capital Outlay	199,838	12,894	220,000	[207,106]
Finance Lease Payment	-	42,348	41,350	998
Operating Transfers In	154,440	135,850	135,850	-
Total Expenditures	<u>1,558,200</u>	<u>1,353,802</u>	<u>\$ 1,571,398</u>	<u>\$ [217,596]</u>
Receipts Over [Under] Expenditures	[152,868]	[128,403]		
Unencumbered Cash, Beginning	<u>683,224</u>	<u>530,356</u>		
Unencumbered Cash, Ending	<u>\$ 530,356</u>	<u>\$ 401,953</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Grinder Pump Replacement Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>
Receipts	
Charges for Service	
Sewer Charges	\$ 8,470
Use of Money and Property	
Interest Income	<u>11,237</u>
Total Receipts	<u>19,707</u>
Expenditures	
Public Works	
Commodities	<u>5,268</u>
Total Expenditures	<u>5,268</u>
Receipts Over [Under] Expenditures	14,439
Unencumbered Cash, Beginning	<u>275,601</u>
Unencumbered Cash, Ending	<u>\$ 290,040</u>

* - This fund is not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
 Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2023

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds	\$ 16,365	\$ 63,142	\$ 64,512	\$ 14,995
Alcohol Assessment	3,820	-	-	3,820
First Aid Training	<u>3,253</u>	<u>2,077</u>	<u>3,502</u>	<u>1,828</u>
Total Agency Funds	<u>\$ 23,438</u>	<u>\$ 65,219</u>	<u>\$ 68,014</u>	<u>\$ 20,643</u>

Schedule 4

CITY OF INDEPENDENCE, KANSAS
Related Municipal Entity - Housing Authority of The City of Independence, Kansas
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>
Receipts	
Charges for Services	
Rents	\$ 585,294
Cable	12,949
Use of Money and Property	
Interest Income	228,648
Intergovernmental	
HAP Payments	458,269
Federal Grants	7,000
Operations	
Security Deposits	14,729
Other Receipts	
Miscellaneous	242,639
Reimbursed Expense	45,005
Rental Fee	340
Total Receipts	<u>1,594,873</u>
Expenditures	
Personal Services	467,783
Contractual Services	530,322
Commodities	59,683
Capital Outlay	115,955
Total Expenditures	<u>1,173,743</u>
Receipts Over [Under] Expenditures	421,130
Unencumbered Cash, Beginning	<u>4,898,299</u>
Unencumbered Cash, Ending	<u>\$ 5,319,429</u>

* - This fund is not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Expenditures
<u>U.S. Department of the Treasury</u>		
Passed Through Kansas Governor's Office:		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>2,178,697</u>
Total U.S. Department of the Treasury		<u>2,178,697</u>
<u>U.S. Department of the Homeland Security</u>		
Passed Through Kansas Adjutant General's Office:		
Disaster Grants - Public Assistance	97.036	<u>91,116</u>
Total U.S. Department of the Homeland Security		<u>91,116</u>
<u>U.S. Department of the Transportation</u>		
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment Jobs Act	20.106	<u>750</u>
Total U.S. Department of the Transportation		<u>750</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grants	20.106	44,816
Passed Through Kansas Department of Commerce:		
Community Development Block Grants	20.106	698,000
Passed Through Kansas Housing Resources Corporation:		
Home Investment Partnerships Program	21.027	<u>87,350</u>
Total U.S. Department of Housing and Urban Development		<u>830,166</u>
Total Expenditures of Federal Awards		<u>\$ 3,100,729</u>

The accompanying notes are an integral part of this schedule.

CITY OF INDEPENDENCE, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. Organization

The City of Independence, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2023.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2023.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF INDEPENDENCE, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified (Regulatory Basis)</u> <u>Adverse (GAAP)</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	_____ <u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	_____ Yes <u> X </u> No

Identification of major programs:

ALN Number(s)

Name of Federal Program or Cluster

21.027

COVID - 19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

_____ \$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CITY OF INDEPENDENCE, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

CITY OF INDEPENDENCE, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commission
City of Independence, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Independence, Kansas (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 19, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 19, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Commission
City of Independence, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Independence, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2023, and have issued our report thereon dated July 19, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 19, 2024