

**Annual Report
For the fiscal year ended December 31, 2024**

CITY OF INDEPENDENCE, KANSAS

Certain operating data for the City of Independence, Kansas (the “City”) for the fiscal year ended December 31, 2024, is attached as **Exhibit A**. The City’s audited financial statements for the fiscal year ended December 31, 2024, 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 February 25, 2025, for the \$10,115,000 aggregate principal amount of Taxable General Obligation Bonds, Series 2025, 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*
- FINANCIAL INFORMATION – Property Tax Levies and Collections – *Tax Collection Record*
- FINANCIAL INFORMATION – Property Tax Levies and Collections – *Major Taxpayers*
- 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, 2024, 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 26, 2025

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

SERIES 2025 BONDS

Issuer: City of Independence, Kansas
Issue Name: \$10,115,000 City of Independence, Kansas Taxable General Obligation Bonds, Series 2025
Date of Issuance: March 27, 2025

Exhibit A

Operating data of the City for the fiscal year ended December 31, 2024

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 2024 fiscal year:

<u>Source</u>	<u>Percent</u>
Local property tax	24%
Franchise fees	5
Sales Tax	26
Fines and penalties	2
Payments made by utility enterprises	24
Federal and State grants	2
Miscellaneous	17
<i>Total:</i>	<i>100%</i>

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>
2024	\$61,860,407	\$ 951,517	\$5,347,179	\$7,564,972	\$75,724,075
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

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 June 30, 2024, KPERS serves approximately 346,000 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 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 9.71% of the employee’s gross salary for calendar year 2025, and is projected to change to 9.59% of the employee’s gross salary for calendar year 2026. In addition, the Issuer 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, 2024 (the “2024 Valuation Report”) the KPERS Local Group, of which the City is a member, carried an unfunded accrued actuarial liability (“UAAL”) of approximately \$2.173 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year’s amount due to the factors discussed in the 2024 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 2024 Valuation Report is available on the KPERS website at www.kspers.gov/about/reports. The City has no means to independently verify any of the information set forth on the KPERS website or in the 2024 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 2024 Valuation Report sets the employer contribution rate for the period beginning January 1, 2027, for the KPERS Local Group, and KPERS’ actuaries identified that an employer contribution rate of 9.44% 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 2024 Valuation Report. The statutory contribution rate of employers currently equals the 2024 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, 2024

CITY OF INDEPENDENCE, KANSAS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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CITY OF INDEPENDENCE, KANSAS
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For the Year Ended December 31, 2024
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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, 2024 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, 2024, 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, 2024, 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 10, 2025, 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 2023 actual column 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.

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, 2023 (not presented herein), and have issued our report thereon dated July 19, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 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 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 10, 2025

CITY OF INDEPENDENCE, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024

	Beginning Unencumbered <u>Cash Balance</u>	Prior Period <u>Adjustment</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>
<u>Funds</u>							
General Funds:							
General	\$ 1,480,723	\$ -	\$ 10,371,991	\$ 9,978,199	\$ 1,874,515	\$ 478,584	\$ 2,353,099
Special Purpose Funds:							
General Fund Employee Benefits	15,921	-	943,894	970,400	[10,585]	10,585	-
Library	-	-	231,993	231,993	-	-	-
Special Alcohol	75,182	-	43,748	-	118,930	-	118,930
Special Parks and Recreation	106,430	-	55,275	76,508	85,197	-	85,197
Industrial	5,035	-	25,387	30,000	422	-	422
Liability Insurance	224,814	-	18,259	102,325	140,748	-	140,748
Economic Development							
and Transportation	2,159,813	-	857,645	1,758,505	1,258,953	1,750	1,260,703
Special Use Sales Tax (New)	-	-	2,666,578	2,666,578	-	-	-
Educational Sales Tax	184,773	-	2,666,578	2,851,351	-	400,266	400,266
Quality of Life Sales Tax	14,121	-	-	14,121	-	-	-
Special Use Sales Tax (Old)	16,328	-	-	20,703	[4,375]	4,375	-
Combined Special Highway & Streets	-		471,870	461,777	10,093	-	10,093
Fight Addiction	25,583	-	27,460	-	53,043	-	53,043
Special Park	47,549	-	73,887	51,165	70,271	1,308	71,579
Crime Prevention	589	-	-	-	589	-	589
Law Enforcement Trust	14,594	-	714	1,650	13,658	-	13,658
Downtown Tree Replacement	16,145	-	653	-	16,798	-	16,798
Demolition	16,241	-	67,386	80,745	2,882	195	3,077
Memorial Hall	14,645	-	-	-	14,645	-	14,645
E-911 (Old)	4,697	-	-	-	4,697	-	4,697
E-911 (New)	263,313	-	147,490	117,458	293,345	4,627	297,972
Incubator Building	96,750	-	34,045	-	130,795	-	130,795
Logan Foundation	124	-	-	-	124	-	124
City Grants	332,215	-	204,493	176,981	359,727	4,153	363,880
Land Bank	55,464	-	2,797	23,580	34,681	836	35,517
Employee Wellness	46,898	-	19,910	4,572	62,236	-	62,236
Fire/EMS Grant	[35,698]	-	51,278	13,232	2,348	-	2,348
Walmart Grant	3,046	-	-	-	3,046	-	3,046
Federal Grants	91,281	-	360,651	720,501	[268,569]	94,718	[173,851]
Bond and Interest Funds:							
Bond and Interest	560,549	-	2,670,709	2,631,378	599,880	-	599,880
Capital Project Funds:							
General Capital Reserve	381,212	-	327,465	197,310	511,367	-	511,367
Streets Capital Reserve	2,919,319	-	2,795,408	3,923,553	1,791,174	223,787	2,014,961
Airport Capital Reserve	416,989	-	229,465	333,308	313,146	10,743	323,889
Water/Sewer Capital Reserve	4,933,129	-	754,766	15,894	5,672,001	-	5,672,001
Skate Park	1,695	-	-	1,695	-	-	-
Water Treatment							
Facility Upgrade	[211,779]	-	211,769	13,549	[13,559]	-	[13,559]
City Projects	[338,040]	-	7,691,528	6,146,767	1,206,721	-	1,206,721
Penn/Chestnut - Oak Project	34,943	-	-	-	34,943	-	34,943
2015-2016 KLINK Project	318,879	-	-	-	318,879	-	318,879
ADA DOJ #204-29-144	779,640	-	-	38,841	740,799	-	740,799

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, 2024

	Beginning Unencumbered Cash Balance	Prior Period Adjustment	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	\$ [1,354,182]	\$ -	\$ 2,000	\$ 23,167	\$ [1,375,349]	\$ -	\$ [1,375,349]
12" Pipeline - Bartlett Project	9,121,303	-	1,300,000	6,438,311	3,982,992	41,187	4,024,179
KPWSL #3058 Waterline Project	[430,170]	-	3,179,065	2,912,620	[163,725]	5,250	[158,475]
Business Funds:							
Airport	47,578	-	674,543	672,863	49,258	[1,089]	48,169
Water/Sewer Utility	2,933,726	-	5,618,768	6,825,090	1,727,404	284,293	2,011,697
Sanitation Utility	401,953	-	1,646,595	1,819,354	229,194	99,272	328,466
Grinder Pump Replacement	290,040	-	21,474	-	311,514	-	311,514
Total Primary Government	26,083,360	-	46,467,537	52,346,044	20,204,853	1,664,840	21,869,693
Related Municipal Entity:							
Housing Authority of The City of Independence, Kansas	5,319,429	-	1,563,602	2,810,596	4,072,435	70,229	4,142,664
Total Reporting Entity (excluding Agency Funds)	<u>\$ 31,402,789</u>	<u>\$ -</u>	<u>\$ 48,031,139</u>	<u>\$ 55,156,640</u>	<u>\$ 24,277,288</u>	<u>\$ 1,735,069</u>	<u>\$ 26,012,357</u>

COMPOSITION OF CASH:

Community National Bank	
Checking	\$ 1,836
Sweep Account	26,052,432
Cash on Hand	850
Total Cash	26,055,118
Less: Agency Funds per Schedule 3	[42,761]
Total Reporting Entity (excluding Agency Funds)	<u>\$ 26,012,357</u>

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 2024 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, 2024

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, 2024:

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 the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least 10 days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. 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, the Water/Sewer Utility Fund, and the Bond and Interest Fund during the year ended December 31, 2024.

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, 2024

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 | • Logan Fountain Fund |
| • Crime Prevention Fund | • City Grants Fund |
| • Law Enforcement Trust Fund | • Land Bank Fund |
| • Downtown Tree Replacement Fund | • Employee Wellness Fund |
| • Demolition Fund | • Fire/EMS Grant Fund |
| • Memorial Hall Fund | • Walmart Grant Fund |
| • E-911 (Old) Fund | • Federal Grants Fund |
| • E-911 (New) Fund | • Grinder Pump Replacement Fund |
| • Incubator Building 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, 2024, 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, 2024.

As of December 31, 2024, the City's carrying amount of deposits was \$22,055,118 and the bank balance was \$26,038,491. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$26,038,491 was covered by federal depository insurance.

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, 2024

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 three 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 hours for full-time employees. Employees terminated prior to completing three months of employment shall not be paid for accrued vacation leave.

Sick leave accrues to all regular full-time employees at the rate of eight hours per month and is limited to 1,440 hours. Full-time EMS and sworn officers accrue at a slightly higher rate. 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 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were \$632,306 for the year ended December 31, 2024.

Net Pension Liability. As of December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was \$5,234,102. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024

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, 2024.

NOTE 6 - Interfund Transfers

Operating transfers were as follows during the year ended December 31, 2024:

From	To	Amount	Statutory Authority
General	Demolition	\$ 50,000	K.S.A. 12-1,118
General	General Capital Reserve	313,709	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	500,000	K.S.A. 12-1,118
Skate Park	General	4	Council Motion
Educational Sales Tax	Bond and Interest	251,300	K.S.A. 12,197
General Fund Employee Benefits	General	514,866	K.S.A. 79-2958
Combined Special Highway & Streets	Streets Capital Reserve	461,777	K.S.A. 12-1,118
12" Pipeline - Bartlett Project	Bond and Interest	866,389	Council Motion
Special Use Sales Tax (New)	General	666,645	K.S.A. 12,197
Special Use Sales Tax (New)	Bond and Interest	826,639	K.S.A. 12,197
Special Use Sales Tax (New)	City Projects	319,989	K.S.A. 12,197
Special Use Sales Tax (New)	Streets Capital Reserve	719,976	K.S.A. 12,197
Special Use Sales Tax (New)	Economic Dev. and Transportation	133,329	K.S.A. 12,197
Quality of Life Sales Tax	City Projects	14,121	K.S.A. 12,197
City Projects	Bond and Interest	120,316	K.S.A. 12,197
Streets Capital Reserve	Bond and Interest	498,000	K.S.A. 12-1,118
Water and Sewer Utility	General	1,128,792	K.S.A. 12-1,825d
Water and Sewer Utility	City Grants	50,000	K.S.A. 12-1,825d
Water and Sewer Utility	Bond and Interest	79,450	K.S.A. 12-1,825d
Water and Sewer Utility	Water/Sewer Capital Reserve	500,000	K.S.A. 12-1,825d
Sanitation Utility	General	137,940	K.S.A. 12-1,825d
		<u>\$ 8,303,242</u>	

NOTE 7 - Long-Term Debt

The following table summarizes changes in the City's long-term debt for the year ended December 31, 2024:

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2024

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	\$ 15,825,000	\$ -	\$ 1,105,000	\$ 14,720,000	\$ 578,256
General Obligation Temporary Notes	10,000,000	4,565,000	-	14,565,000	948,122
State Revolving Loans	3,175,207	3,390,834	314,465	6,251,576	45,277
Finance Leases	506,090	395,637	167,209	734,518	13,942
Total	<u>\$ 29,506,297</u>	<u>\$ 8,351,471</u>	<u>\$ 1,586,674</u>	<u>\$ 36,271,094</u>	<u>\$ 1,585,597</u>

General Obligation Bonds. The following table details the City's outstanding general obligation bonds as of December 31, 2024:

<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%	\$ 855,000	\$ 1,960,000	7/22/2015	10/1/2030
Series 2016-A	2.00 - 3.00%	480,000	1,875,000	7/12/2016	10/1/2026
Series 2019-A	3.00%	570,000	1,430,000	10/2/2019	10/1/2026
Series 2022-A	3.00 - 5.00%	12,815,000	13,925,000	6/30/2022	10/1/2042
Total		<u>\$ 14,720,000</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>
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	720,000	414,056	1,134,056
2029	755,000	380,956	1,135,956
2030 - 2034	3,535,000	1,490,981	5,025,981
2035 - 2039	3,965,000	919,294	4,884,294
2040 - 2042	2,715,000	205,163	2,920,163
Total	<u>\$ 14,720,000</u>	<u>\$ 4,884,818</u>	<u>\$ 19,604,818</u>

General Obligation Temporary Notes. The following table details the City's outstanding general obligation temporary notes as of December 31, 2024:

<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%	\$ 10,000,000	\$ 10,000,000	4/1/2023	4/1/2025
Series 2024-1	4.00%	4,565,000	4,565,000	2/1/2024	10/1/2027
		<u>\$ 14,565,000</u>			

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 7 - Long-Term Debt (Continued)

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

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 10,000,000	\$ 532,600	\$ 10,532,600
2026	-	182,600	182,600
2027	4,565,000	182,600	4,747,600
Total	<u>\$ 14,565,000</u>	<u>\$ 897,800</u>	<u>\$ 10,532,600</u>

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 improvements. The notes carry an interest rate of 4.00% and are scheduled to mature on October 1, 2027.

Revolving Loans. The following table details the City's outstanding revolving loan debt as of December 31, 2024:

<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%	\$ 1,647,729	\$ 3,764,485	10/24/2011	3/1/2034
KS Public Water Supply Loan Fund #2933	2.33%	1,424,782	1,375,593	8/15/2018	8/1/2041
KS Public Water Supply Loan Fund #3058	1.33%	3,179,065	3,776,894	7/1/2021	2/1/2045
		<u>\$ 6,251,577</u>			

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

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 155,707	\$ 40,226	\$ 195,933
2026	159,624	36,309	195,933
2027	163,639	32,294	195,933
2028	167,756	28,177	195,933
2029	171,976	23,957	195,933
2030 - 2034	829,026	52,672	881,698
Total	<u>\$ 1,647,728</u>	<u>\$ 213,635</u>	<u>\$ 1,861,363</u>

Annual debt service requirements to maturity were not available for Kansas Public Water Supply Loan Fund No. 2933 or Fund No. 3058 as the loans were not finalized as of December 31, 2024.

Finance Leases. The following table details the City's outstanding finance lease obligations as of December 31, 2024:

<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%	\$ 185,518	\$ 597,896	4/1/2019	4/1/2026
John Deere Tractor and Bushhog	2.45%	9,532	90,288	4/1/2020	4/1/2025
Streetsweeper	1.78%	21,609	149,994	2/11/2021	3/1/2025
Sanitation Truck	1.96%	122,222	199,838	10/19/2022	10/19/2027
Sanitation Truck	4.98%	395,637	395,637	7/25/2024	7/25/2029
Total		<u>\$ 734,518</u>			

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 7 - Long-Term Debt (Continued)

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

Year Ending December 31,	Principal	Interest	Total
2025	\$ 233,916	\$ 28,994	\$ 262,910
2026	210,265	20,996	231,261
2027	120,480	13,204	133,684
2028	82,877	8,459	91,336
2029	86,980	4,332	91,312
Total	<u>\$ 734,518</u>	<u>\$ 75,985</u>	<u>\$ 810,503</u>

On July 25, 2024, the City entered into a lease purchase agreement with a local financial institution for the purchase of a new sanitation truck in the amount of \$395,637. The agreement carries an interest rate of 4.98% and is scheduled to mature on July 25, 2029.

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, 2024, the statutory limit for the City was \$20,448,101, providing a debt margin of approximately \$19,623,911.

Conduit Debt Obligations. From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State of Kansas nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, there are two series of Industrial Revenue Bonds outstanding, with an aggregate original principal amount payable of \$7,810,000.

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, 2024. 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.

CITY OF INDEPENDENCE, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 March 27, 2025, the City issued Taxable General Obligation Bonds, Series 2025, in the amount of \$10,115,000. Proceeds of the bonds will be used to retire the City's General Obligation Temporary Notes, Series 2023-1, and provide permanent financing for the previously authorized improvements, the Public Water Supply System, and to pay the costs associated with the issuance of the Bonds. The Bonds carry an interest rate of 7.00% and are scheduled to mature on October 1, 2029.

NOTE 13 - Stewardship, Compliance, and Accountability

Expenditures in the Liability Insurance, Economic Development and Transportation, Special Use Sales Tax (Old), and the Bond and Interest funds exceeded the adopted budget for the year ended December 31, 2024, which is a violation of K.S.A. 79-2935.

CITY OF INDEPENDENCE, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

<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	\$ 9,954,538	\$ 36,234	\$ 9,990,772	\$ 9,978,199	\$ [12,573]
Special Purpose Funds:					
General Fund Employee Benefits	1,036,040	-	1,036,040	970,400	[65,640]
Library	239,143	-	239,143	231,993	[7,150]
Special Alcohol	30,000	-	30,000	-	[30,000]
Special Parks and Recreation	134,000	-	134,000	76,508	[57,492]
Industrial	30,000	-	30,000	30,000	-
Liability Insurance	102,225	-	102,225	102,325	100
Economic Development and Transportation	1,756,961	-	1,756,961	1,758,505	1,544
Special Use Sales Tax (New)	2,750,000	-	2,750,000	2,666,578	[83,422]
Educational Sales Tax	2,934,733	-	2,934,733	2,851,351	[83,382]
Quality of Life Sales Tax	14,121	-	14,121	14,121	-
Special Use Sales Tax (Old)	-	-	-	20,703	20,703
Fight Addiction	41,116	-	41,116	-	[41,116]
Bond and Interest Funds:					
Bond and Interest	2,154,990	12,844	2,167,834	2,631,378	463,544
Business Fund:					
Airport	879,806	-	879,806	672,863	[206,943]
Water/Sewer Utility	6,904,977	-	6,904,977	6,825,090	[79,887]
Sanitation Utility	1,581,952	395,637	1,977,589	1,819,354	[158,235]

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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 1,639,349	\$ 2,049,918	\$ 2,200,438	\$ [150,520]
Delinquent Tax	107,021	102,855	95,000	7,855
Motor Vehicle Tax	224,358	250,321	216,621	33,700
Recreational Vehicle Tax	1,894	2,733	2,060	673
16/20M Vehicle Tax	-	835	845	[10]
Vehicle Rental Excise Tax	-	9,230	6,610	2,620
Commercial Vehicle Tax	-	9,768	7,052	2,716
Watercraft Tax	-	2,105	1,993	112
Neighborhood Revitalization	-	-	[33,713]	33,713
In Lieu of Tax	-	1,692	-	1,692
Nuisance Tax	11,748	4,200	5,000	[800]
Special Assessments	40,258	42,613	20,000	22,613
Franchise Tax	490,988	495,323	524,000	[28,677]
Sales Tax	2,478,539	2,666,579	2,400,000	266,579
Intergovernmental				
Local Alcohol Liquor Tax	38,957	43,748	41,387	2,361
Grants	180,918	183,254	138,000	45,254
Licenses and Permits	177,604	109,290	98,000	11,290
Fines, Forfeitures and Penalties	123,865	202,799	101,000	101,799
Charges for Services				
Ambulance Fees	746,475	1,063,468	800,000	263,468
Fire Fees	9,249	225	5,000	[4,775]
Cemetery Fees	59,165	57,925	58,500	[575]
Park Fees	39,820	28,782	52,500	[23,718]
Charge Offs and Recoveries	77,497	80,176	55,000	25,176
Use of Money and Property				
Interest Income	426,014	249,065	251,000	[1,935]
Rents	36,330	49,464	45,822	3,642
Memorial Hall Fees	45,133	28,884	30,000	[1,116]
Other Receipts				
Reimbursed Expense	156,793	36,234	3,500	32,734
Insurance Proceeds	-	30,612	-	30,612
Miscellaneous	[47,617]	121,646	1,143,792	[1,022,146]
Operating Transfers In	<u>1,612,210</u>	<u>2,448,247</u>	<u>1,114,866</u>	<u>1,333,381</u>
Total Receipts	<u>8,676,568</u>	<u>10,371,991</u>	<u>\$ 9,384,273</u>	<u>\$ 987,718</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures				
Administration Department				
Personal Services	\$ 354,524	\$ 409,665	\$ 427,559	\$ [17,894]
Contractual Services	113,421	148,869	101,750	47,119
Commodities	3,221	14,220	15,000	[780]
Capital Outlay	26,229	7,130	25,000	[17,870]
	<u>497,395</u>	<u>579,884</u>	<u>569,309</u>	<u>10,575</u>
Municipal Court Department				
Personal Services	52,907	62,624	81,406	[18,782]
Contractual Services	82,503	94,061	86,412	7,649
Commodities	2,744	4,866	500	4,366
	<u>138,154</u>	<u>161,551</u>	<u>168,318</u>	<u>[6,767]</u>
City Hall Department				
Contractual Services	36,292	169,277	89,000	80,277
Commodities	1,074	11,977	3,206	8,771
	<u>37,366</u>	<u>181,254</u>	<u>92,206</u>	<u>89,048</u>
General Government Department				
Personal Services	17,979	23,919	65,450	[41,531]
Contractual Services	814,418	544,050	421,272	122,778
Commodities	3,379	12,271	13,000	[729]
Capital Outlay	1,017	859	20,000	[19,141]
	<u>836,793</u>	<u>581,099</u>	<u>519,722</u>	<u>61,377</u>
Finance and Records Department				
Personal Services	303,402	290,051	271,622	18,429
Contractual Services	48,630	81,035	140,614	[59,579]
Commodities	15,895	14,613	7,500	7,113
Capital Outlay	520	1,369	-	1,369
	<u>368,447</u>	<u>387,068</u>	<u>419,736</u>	<u>[32,668]</u>
Fire-EMS Department				
Personal Services	1,351,708	1,690,252	1,604,034	86,218
Contractual Services	192,099	232,871	167,000	65,871
Commodities	146,516	181,032	188,000	[6,968]
	<u>1,690,323</u>	<u>2,104,155</u>	<u>1,959,034</u>	<u>145,121</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures - Continued				
Police Department				
Personal Services	\$ 1,416,581	\$ 1,572,405	\$ 1,925,309	\$ [352,904]
Contractual Services	126,873	160,694	131,000	29,694
Commodities	65,639	196,481	80,500	115,981
Capital Outlay	59,494	-	-	-
	<u>1,668,587</u>	<u>1,929,580</u>	<u>2,136,809</u>	<u>[207,229]</u>
Dispatch Department				
Personal Services	-	260,054	217,392	42,662
Contractual Services	-	2,530	-	2,530
Commodities	-	1,969	4,500	[2,531]
	<u>-</u>	<u>264,553</u>	<u>221,892</u>	<u>42,661</u>
Animal Control Department				
Personal Services	57,823	66,879	67,752	[873]
Contractual Services	21,022	57,637	47,400	10,237
Commodities	1,051	15,908	5,500	10,408
Capital Outlay	478	-	-	-
	<u>80,374</u>	<u>140,424</u>	<u>120,652</u>	<u>19,772</u>
Emergency Preparedness Department				
Contractual Services	14,707	26,808	17,000	9,808
Commodities	293	2,424	-	2,424
	<u>15,000</u>	<u>29,232</u>	<u>17,000</u>	<u>12,232</u>
Code Enforcement Department				
Personal Services	39,443	104,382	100,017	4,365
Contractual Services	24,746	28,401	18,100	10,301
Commodities	340	8,904	4,000	4,904
	<u>64,529</u>	<u>141,687</u>	<u>122,117</u>	<u>19,570</u>
Street Department				
Personal Services	292,548	377,821	412,413	[34,592]
Contractual Services	322,157	417,551	420,000	[2,449]
Commodities	221,126	196,423	286,000	[89,577]
Capital Outlay	-	11,176	20,000	[8,824]
	<u>835,831</u>	<u>1,002,971</u>	<u>1,138,413</u>	<u>[135,442]</u>
Economic Development Department				
Contractual Services	-	31,500	31,500	-

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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures - Continued				
Park Department				
Personal Services	\$ 284,606	\$ 364,220	\$ 400,515	\$ [36,295]
Contractual Services	194,343	138,848	122,100	16,748
Commodities	41,908	61,957	40,300	21,657
Capital Outlay	2,514	-	-	-
	<u>523,371</u>	<u>565,025</u>	<u>562,915</u>	<u>2,110</u>
Recreation Department				
Contractual Services	-	28,030	25,000	3,030
	<u>-</u>	<u>28,030</u>	<u>25,000</u>	<u>3,030</u>
Zoo Department				
Personal Services	273,106	326,877	317,425	9,452
Contractual Services	34,226	48,678	50,100	[1,422]
Commodities	103,439	106,058	91,500	14,558
Capital Outlay	-	13,900	15,000	[1,100]
	<u>410,771</u>	<u>495,513</u>	<u>474,025</u>	<u>21,488</u>
Cemetery Department				
Personal Services	174,882	176,647	203,208	[26,561]
Contractual Services	9,869	24,072	18,100	5,972
Commodities	18,375	15,614	13,750	1,864
Capital Outlay	13,465	14,950	32,300	[17,350]
	<u>216,591</u>	<u>231,283</u>	<u>267,358</u>	<u>[36,075]</u>
Library Department				
Contractual Services	-	13,832	30,000	[16,168]
Commodities	-	683	-	683
	<u>-</u>	<u>14,515</u>	<u>30,000</u>	<u>[15,485]</u>
Memorial Hall Department				
Personal Services	119,960	145,073	131,887	13,186
Contractual Services	167,445	126,793	203,100	[76,307]
Commodities	11,435	15,781	14,500	1,281
Capital Outlay	-	-	-	-
	<u>298,840</u>	<u>287,647</u>	<u>349,487</u>	<u>[61,840]</u>
Building D Department				
Personal Services	52,596	7,497	54,623	[47,126]
Contractual Services	342,053	236,534	282,000	[45,466]
Commodities	9,750	2,851	4,000	[1,149]
Capital Outlay	-	184,259	200,000	[15,741]
	<u>404,399</u>	<u>431,141</u>	<u>540,623</u>	<u>[109,482]</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Expenditures - Continued				
Planning and Zoning Department				
Contractual Services	\$ -	\$ 878	\$ -	\$ 878
	-	878	-	878
Other Culture and Recreation				
Contractual Services	-	25,500	25,500	-
	-	25,500	25,500	-
Special Improvements				
Capital Outlay	31,626	-	-	-
	31,626	-	-	-
Operating Transfers Out	805,315	363,709	162,922	200,787
Adjustment for Qualifying Budget Credits	-	-	36,234	[36,234]
Total Expenditures	8,923,712	9,978,199	\$ 9,990,772	\$ [12,573]
Receipts Over [Under] Expenditures	[247,144]	393,792		
Unencumbered Cash, Beginning	1,727,867	1,480,723		
Unencumbered Cash, Ending	\$ 1,480,723	\$ 1,874,515		

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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 669,244	\$ 866,508	\$ 987,500	\$ [120,992]
Delinquent Tax	42,824	23,064	30,000	[6,936]
Motor Vehicle Tax	87,402	43,806	88,427	[44,621]
Recreational Vehicle Tax	1,816	383	841	[458]
16/20 M Vehicle Tax	-	291	345	[54]
Vehicle Rental Excise Tax	-	1,237	2,681	[1,444]
Commercial Vehicle Tax	-	2,761	2,878	[117]
Watercraft Tax	-	699	814	[115]
Neighborhood Revitalization	-	-	[15,128]	15,128
Use of Money and Property				
Interest Income	8,089	5,145	5,000	145
Other Receipts				
Reimbursed Expense	457	-	-	-
Miscellaneous	2,500	-	-	-
Total Receipts	<u>812,332</u>	<u>943,894</u>	<u>\$ 1,103,358</u>	<u>\$ [159,464]</u>
Expenditures				
General Government				
Personal Services	744,735	443,484	\$ 1,026,040	\$ [582,556]
Contractual Services	120,564	12,050	10,000	2,050
Operating Transfers Out	-	514,866	-	514,866
Total Expenditures	<u>865,299</u>	<u>970,400</u>	<u>\$ 1,036,040</u>	<u>\$ [65,640]</u>
Receipts Over [Under] Expenditures	[52,967]	[26,506]		
Unencumbered Cash, Beginning	<u>68,888</u>	<u>15,921</u>		
Unencumbered Cash, Ending	<u>\$ 15,921</u>	<u>\$ [10,585]</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 188,729	\$ 194,428	\$ 213,141	\$ [18,713]
Delinquent Tax	13,953	10,878	8,500	2,378
Motor Vehicle Tax	26,875	24,092	24,938	[846]
Recreational Vehicle Tax	601	255	237	18
16/20 M Vehicle Tax	-	93	97	[4]
Vehicle Rental Excise Tax	-	859	-	859
Commercial Vehicle Tax	-	1,025	812	213
Watercraft Tax	-	230	229	1
Addtl MVT				
Neighborhood Revitalization	-	-	[3,275]	3,275
In Lieu of Tax	-	133	-	133
Total Receipts	<u>230,158</u>	<u>231,993</u>	<u>\$ 244,679</u>	<u>\$ [12,686]</u>
Expenditures				
Culture and Recreation				
Appropriation to Library Board	<u>230,158</u>	<u>231,993</u>	<u>\$ 239,143</u>	<u>\$ [7,150]</u>
Total Expenditures	<u>230,158</u>	<u>231,993</u>	<u>\$ 239,143</u>	<u>\$ [7,150]</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 38,957	\$ 43,748	\$ 41,387	\$ 2,361
Total Receipts	<u>38,957</u>	<u>43,748</u>	<u>\$ 41,387</u>	<u>\$ 2,361</u>
Expenditures				
Culture and Recreation				
Contractual Services	<u>30,000</u>	<u>-</u>	<u>\$ 30,000</u>	<u>\$ [30,000]</u>
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>\$ 30,000</u>	<u>\$ [30,000]</u>
Receipts Over [Under] Expenditures	8,957	43,748		
Unencumbered Cash, Beginning	<u>66,225</u>	<u>75,182</u>		
Unencumbered Cash, Ending	<u>\$ 75,182</u>	<u>\$ 118,930</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental				
Local Alcohol Liquor Tax	\$ 38,956	\$ 51,826	\$ 41,387	\$ 10,439
Use of Money and Property				
Interest Income	-	3,449	-	3,449
Other Receipts				
Miscellaneous	<u>6,323</u>	<u>-</u>	<u>6,500</u>	<u>[6,500]</u>
Total Receipts	<u>45,279</u>	<u>55,275</u>	<u>\$ 47,887</u>	<u>\$ 7,388</u>
Expenditures				
Culture and Recreation				
Contractual Services	<u>24,000</u>	<u>76,508</u>	<u>\$ 134,000</u>	<u>\$ [57,492]</u>
Total Expenditures	<u>24,000</u>	<u>76,508</u>	<u>\$ 134,000</u>	<u>\$ [57,492]</u>
Receipts Over [Under] Expenditures	21,279	[21,233]		
Unencumbered Cash, Beginning	<u>85,151</u>	<u>106,430</u>		
Unencumbered Cash, Ending	<u>\$ 106,430</u>	<u>\$ 85,197</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 23,596	\$ 20,633	\$ 22,954	\$ [2,321]
Delinquent Tax	1,239	1,154	1,131	23
Motor Vehicle Tax	3,459	3,080	3,081	[1]
Recreational Vehicle Tax	64	22	22	-
16/20 M Vehicle Tax	-	13	12	1
Vehicle Rental Excise Tax	-	112	112	-
Commercial Vehicle Tax	-	129	129	-
Watercraft Tax	-	29	29	-
Neighborhood Revitalization	-	-	[316]	316
In Lieu of Tax	-	14	-	14
Use of Money and Property				
Interest Income	918	201	225	[24]
Total Receipts	<u>29,276</u>	<u>25,387</u>	<u>\$ 27,379</u>	<u>\$ [1,992]</u>
Expenditures				
General Government				
Appropriations	25,000	30,000	\$ 30,000	\$ -
Total Expenditures	<u>25,000</u>	<u>30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	4,276	[4,613]		
Unencumbered Cash, Beginning	<u>759</u>	<u>5,035</u>		
Unencumbered Cash, Ending	<u>\$ 5,035</u>	<u>\$ 422</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, 2024
 (With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 56,576	\$ 2	\$ 12	\$ [10]
Delinquent Tax	5,215	3,385	3,375	10
Motor Vehicle Tax	10,130	7,625	7,625	-
Recreational Vehicle Tax	199	80	80	-
16/20 M Vehicle Tax	-	36	36	-
Vehicle Rental Excise Tax	-	290	290	-
Commercial Vehicle Tax	-	314	314	-
Watercraft Tax	-	70	70	-
Use of Money and Property				
Interest Income	8,512	6,457	5,600	857
Other Receipts				
Reimbursed Expense	<u>56,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>136,695</u>	<u>18,259</u>	<u>\$ 17,402</u>	<u>\$ 857</u>
Expenditures				
General Government				
Contractual Services	<u>89,736</u>	<u>102,325</u>	<u>\$ 102,225</u>	<u>\$ 100</u>
Total Expenditures	<u>89,736</u>	<u>102,325</u>	<u>\$ 102,225</u>	<u>\$ 100</u>
Receipts Over [Under] Expenditures	46,959	[84,066]		
Unencumbered Cash, Beginning	<u>177,855</u>	<u>224,814</u>		
Unencumbered Cash, Ending	<u>\$ 224,814</u>	<u>\$ 140,748</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 323,720	\$ 326,660	\$ 346,000	\$ [19,340]
Use of Money and Property				
Interest Income	305,357	397,656	50,000	347,656
Other Receipts				
Reimbursed Expense	21,800	-	-	-
Operating Transfers In	<u>623,927</u>	<u>133,329</u>	<u>120,000</u>	<u>13,329</u>
Total Receipts	<u>1,274,804</u>	<u>857,645</u>	<u>\$ 516,000</u>	<u>\$ 341,645</u>
Expenditures				
General Government				
Capital Outlay	106,582	1,108,505	\$ 1,106,961	\$ 1,544
Operating Transfers Out	<u>400,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Total Expenditures	<u>506,582</u>	<u>1,758,505</u>	<u>\$ 1,756,961</u>	<u>\$ 1,544</u>
Receipts Over [Under] Expenditures	768,222	[900,860]		
Unencumbered Cash, Beginning	<u>1,391,591</u>	<u>2,159,813</u>		
Unencumbered Cash, Ending	<u>\$ 2,159,813</u>	<u>\$ 1,258,953</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 2,666,578	\$ 2,400,000	\$ 266,578
Total Receipts	<u>2,478,539</u>	<u>2,666,578</u>	<u>\$ 2,400,000</u>	<u>\$ 266,578</u>
Expenditures				
Operating Transfers Out	<u>2,478,539</u>	<u>2,666,578</u>	<u>\$ 2,750,000</u>	<u>\$ [83,422]</u>
Total Expenditures	<u>2,478,539</u>	<u>2,666,578</u>	<u>\$ 2,750,000</u>	<u>\$ [83,422]</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
Educational Sales Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ 2,666,578	\$ 2,400,000	\$ 266,578
Total Receipts	<u>2,478,539</u>	<u>2,666,578</u>	<u>\$ 2,400,000</u>	<u>\$ 266,578</u>
Expenditures				
Culture and Recreation				
Contractual Services	2,048,066	2,600,051	\$ 2,683,433	\$ [83,382]
Operating Transfers Out	<u>245,700</u>	<u>251,300</u>	<u>251,300</u>	<u>-</u>
Total Expenditures	<u>2,293,766</u>	<u>2,851,351</u>	<u>\$ 2,934,733</u>	<u>\$ [83,382]</u>
Receipts Over [Under] Expenditures	184,773	[184,773]		
Unencumbered Cash, Beginning	<u>-</u>	<u>184,773</u>		
Unencumbered Cash, Ending	<u>\$ 184,773</u>	<u>\$ -</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Use of Money and Property				
Interest Income	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Expenditures				
Operating Transfers Out	-	14,121	\$ 14,121	\$ -
Total Expenditures	-	14,121	\$ 14,121	\$ -
Receipts Over [Under] Expenditures	-	[14,121]		
Unencumbered Cash, Beginning	14,121	14,121		
Unencumbered Cash, Ending	\$ 14,121	\$ -		

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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	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	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Expenditures				
General Government				
Capital Outlay	36,527	20,703	\$ -	\$ 20,703
Operating Transfers Out	485,834	-	-	-
Total Expenditures	522,361	20,703	\$ -	\$ 20,703
Receipts Over [Under] Expenditures	[522,361]	[20,703]		
Unencumbered Cash, Beginning	538,689	16,328		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	\$ 16,328	\$ [4,375]		

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, 2024
 (With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental				
Special Highway Tax	\$ 365,880	\$ 471,870	\$ 465,630	\$ 6,240
Total Receipts	<u>365,880</u>	<u>471,870</u>	<u>\$ 465,630</u>	<u>\$ 6,240</u>
Expenditures				
Operating Transfers Out	<u>365,880</u>	<u>461,777</u>	<u>\$ 465,630</u>	<u>\$ [3,853]</u>
Total Expenditures	<u>365,880</u>	<u>461,777</u>	<u>\$ 465,630</u>	<u>\$ [3,853]</u>
Receipts Over [Under] Expenditures	-	10,093		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 10,093</u>		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Fight Addiction Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Intergovernmental				
Settlement Proceeds	\$ 23,513	\$ 26,184	\$ -	\$ 26,184
Use of Money and Property				
Interest Income	-	1,276	-	1,276
Total Receipts	<u>23,513</u>	<u>27,460</u>	<u>\$ -</u>	<u>\$ 27,460</u>
Expenditures				
Contractual Services	-	-	\$ 41,116	\$ [41,116]
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 41,116</u>	<u>\$ [41,116]</u>
Receipts Over [Under] Expenditures	23,513	27,460		
Unencumbered Cash, Beginning	<u>2,070</u>	<u>25,583</u>		
Unencumbered Cash, Ending	<u>\$ 25,583</u>	<u>\$ 53,043</u>		

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, 2024

	Special Park <u>Fund</u>	Crime Prevention <u>Fund</u>	Law Enforcement <u>Trust Fund</u>	Downtown Tree Replacement <u>Fund</u>	Demolition <u>Fund</u>
Receipts					
Use of Money and Property					
Interest Income	\$ 2,213	\$ -	\$ 566	\$ 653	\$ -
Rents	-	-	-	-	-
Other Receipts					
Reimbursed Expense	-	-	-	-	-
Donations	71,674	-	-	-	-
Miscellaneous	-	-	148	-	17,386
Operating Transfers In	-	-	-	-	50,000
Total Receipts	<u>73,887</u>	<u>-</u>	<u>714</u>	<u>653</u>	<u>67,386</u>
Expenditures					
General Government					
Contractual Services	-	-	-	-	-
Commodities	-	-	1,650	-	-
Capital Outlay	51,165	-	-	-	80,745
Total Expenditures	<u>51,165</u>	<u>-</u>	<u>1,650</u>	<u>-</u>	<u>80,745</u>
Receipts Over [Under] Expenditures	22,722	-	[936]	653	[13,359]
Unencumbered Cash, Beginning	<u>47,549</u>	<u>589</u>	<u>14,594</u>	<u>16,145</u>	<u>16,241</u>
Unencumbered Cash, Ending	<u>\$ 70,271</u>	<u>\$ 589</u>	<u>\$ 13,658</u>	<u>\$ 16,798</u>	<u>\$ 2,882</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, 2024

Memorial Hall Fund	E-911 (Old) Fund	E-911 (New) Fund	Incubator Building Fund	Logan Fountain Fund	City Grants Fund	Land Bank Fund	Employee Wellness Fund
\$ -	\$ -	\$ 10,709	\$ -	\$ -	\$ -	\$ 1,516	\$ 2,212
-	-	-	34,045	-	-	-	-
-	-	-	-	-	4,493	-	-
-	-	-	-	-	-	-	-
-	-	136,781	-	-	-	1,281	17,698
-	-	-	-	-	200,000	-	-
-	-	147,490	34,045	-	204,493	2,797	19,910
-	-	66,009	-	-	-	56	4,572
-	-	51,449	-	-	-	780	-
-	-	-	-	-	176,981	22,744	-
-	-	117,458	-	-	176,981	23,580	4,572
-	-	30,032	34,045	-	27,512	[20,783]	15,338
14,645	4,697	263,313	96,750	124	332,215	55,464	46,898
<u>\$ 14,645</u>	<u>\$ 4,697</u>	<u>\$ 293,345</u>	<u>\$ 130,795</u>	<u>\$ 124</u>	<u>\$ 359,727</u>	<u>\$ 34,681</u>	<u>\$ 62,236</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, 2024

	Fire/EMS Grant <u>Fund</u>	Walmart Grant <u>Fund</u>	Federal Grants <u>Fund</u>
Receipts			
Intergovernmental			
Grants	\$ -	\$ -	\$ 358,164
Other Receipts			
Reimbursed Expense	-	-	2,487
Donations	51,278	-	-
Total Receipts	<u>51,278</u>	<u>-</u>	<u>360,651</u>
Expenditures			
General Government			
Capital Outlay	13,232	-	720,501
Total Expenditures	<u>13,232</u>	<u>-</u>	<u>720,501</u>
Receipts Over [Under] Expenditures	38,046	-	[359,850]
Unencumbered Cash, Beginning	<u>[35,698]</u>	<u>3,046</u>	<u>91,281</u>
Unencumbered Cash, Ending	<u>\$ 2,348</u>	<u>\$ 3,046</u>	<u>\$ [268,569]</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	\$ 216	\$ 160	\$ 160	\$ -
Motor Vehicle Tax	16	-	-	-
Special Assessments	2,696	15,611	15,611	-
Bond Proceeds	-	12,844	12,844	-
Operating Transfers In	1,834,604	2,642,094	2,636,955	5,139
Total Receipts	<u>1,837,532</u>	<u>2,670,709</u>	<u>\$ 2,665,570</u>	<u>\$ 5,139</u>
Expenditures				
Debt Service				
Principal	1,290,000	1,105,000	\$ 1,105,000	\$ -
Interest	620,256	1,526,378	1,049,990	476,388
Cost of Issuance	10,780	-	-	-
Adjustment for Qualifying Budget Credits	-	-	12,844	[12,844]
Total Expenditures	<u>1,921,036</u>	<u>2,631,378</u>	<u>\$ 2,167,834</u>	<u>\$ 463,544</u>
Receipts Over [Under] Expenditures	[83,504]	39,331		
Unencumbered Cash, Beginning	<u>644,053</u>	<u>560,549</u>		
Unencumbered Cash, Ending	<u>\$ 560,549</u>	<u>\$ 599,880</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, 2024

	General Capital Reserve Fund	Streets Capital Reserve Fund	Airport Capital Reserve Fund	Water/Sewer Capital Reserve Fund
Receipts				
Intergovernmental				
Special Highway Tax	\$ -	\$ 984,347	\$ -	\$ -
Use of Money and Property				
Interest Income	13,756	129,308	8,523	254,766
Other Receipts				
Miscellaneous	-	-	220,942	-
Operating Transfers In	<u>313,709</u>	<u>1,681,753</u>	<u>-</u>	<u>500,000</u>
Total Receipts	<u>327,465</u>	<u>2,795,408</u>	<u>229,465</u>	<u>754,766</u>
Expenditures				
General Government				
Capital Outlay	197,310	3,425,553	333,308	15,894
Operating Transfers Out	<u>-</u>	<u>498,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>197,310</u>	<u>3,923,553</u>	<u>333,308</u>	<u>15,894</u>
Receipts Over [Under] Expenditures	130,155	[1,128,145]	[103,843]	738,872
Unencumbered Cash, Beginning	<u>381,212</u>	<u>2,919,319</u>	<u>416,989</u>	<u>4,933,129</u>
Unencumbered Cash, Ending	<u>\$ 511,367</u>	<u>\$ 1,791,174</u>	<u>\$ 313,146</u>	<u>\$ 5,672,001</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, 2024

	Skate Park Fund	Water Treatment Facility Upgrade Fund	City Projects Fund	Penn/Chestnut - Oak Project Fund
Receipts				
Other Receipts				
Donations	\$ -	\$ -	\$ 60,703	\$ -
Reimbursed Expense	-	211,769	-	-
Miscellaneous	-	-	2,693,004	-
Intergovernmental				
Grants	-	-	-	-
Debt Proceeds	-	-	4,603,711	-
Operating Transfers In	-	-	334,110	-
Total Receipts	-	211,769	7,691,528	-
Expenditures				
General Government				
Contractual Services	-	-	69,251	-
Capital Outlay	1,691	13,549	5,957,200	-
Operating Transfers Out	4	-	120,316	-
Total Expenditures	1,695	13,549	6,146,767	-
Receipts Over [Under] Expenditure	[1,695]	198,220	1,544,761	-
Unencumbered Cash, Beginning	1,695	[211,779]	[338,040]	34,943
Unencumbered Cash, Ending	\$ -	\$ [13,559]	\$ 1,206,721	\$ 34,943

* - 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, 2024

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
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	2,000	1,300,000	-
-	-	-	-	3,179,065
-	-	-	-	-
-	-	2,000	1,300,000	3,179,065
-	-	-	-	-
-	38,841	23,167	5,571,922	2,912,620
-	-	-	866,389	-
-	38,841	23,167	6,438,311	2,912,620
-	[38,841]	[21,167]	[5,138,311]	266,445
318,879	779,640	[1,354,182]	9,121,303	[430,170]
\$ 318,879	\$ 740,799	\$ [1,375,349]	\$ 3,982,992	\$ [163,725]

* - 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, 2024
 (With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for Service				
Fuel Sales	\$ 584,253	\$ -	\$ 760,000	\$ [760,000]
Rents	131,585	134,758	100,000	34,758
Use of Money and Property				
Interest Income	2,596	1,299	5,000	[3,701]
Other Receipts				-
Reimbursed Expense	26,999	470	-	470
Miscellaneous	5,124	538,016	4,000	534,016
Operating Transfers In	-	-	19,300	[19,300]
Total Receipts	<u>750,557</u>	<u>674,543</u>	<u>\$ 888,300</u>	<u>\$ [213,757]</u>
Expenditures				
Finance and Records Department				
Personal Services	99,575	113,292	\$ 121,705	\$ [8,413]
Contractual Services	177,367	505,032	738,801	[233,769]
Commodities	466,152	35,242	-	35,242
Capital Outlay	-	-	19,300	[19,300]
Finance Lease Payments	19,297	19,297	-	19,297
Operating Transfers Out	50,000	-	-	-
Total Expenditures	<u>812,391</u>	<u>672,863</u>	<u>\$ 879,806</u>	<u>\$ [206,943]</u>
Receipts Over [Under] Expenditures	[61,834]	1,680		
Unencumbered Cash, Beginning	<u>109,412</u>	<u>47,578</u>		
Unencumbered Cash, Ending	<u>\$ 47,578</u>	<u>\$ 49,258</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for Service				
Water Sales	\$ 2,963,260	\$ 3,168,070	\$ 3,718,927	\$ [550,857]
Sewer Charges	2,434,668	2,153,564	2,550,250	[396,686]
Late Fees	98,793	90,357	125,000	[34,643]
Turn on & Turn off	27,199	42,949	35,000	7,949
Charge Offs and Recoveries	[2,945]	10,965	-	10,965
Other Charges	5,000	11,571	1,500	10,071
Use of Money and Property				
Interest Income	125,511	112,912	75,000	37,912
Other Receipts				
Reimbursed Expense	29,803	[584]	85,000	[85,584]
Insurance Proceeds	-	23,458	-	23,458
Miscellaneous	16,099	5,506	15,000	[9,494]
Total Receipts	<u>5,697,388</u>	<u>5,618,768</u>	<u>\$ 6,605,677</u>	<u>\$ [986,909]</u>
Expenditures				
Water Production				
Personal Services	508,318	544,799	\$ 541,132	\$ 3,667
Contractual Services	418,108	589,412	362,000	227,412
Commodities	558,665	720,448	796,500	[76,052]
Capital Outlay	-	22,052	30,000	[7,948]
	<u>1,485,091</u>	<u>1,876,711</u>	<u>1,729,632</u>	<u>147,079</u>
Water Distribution				
Personal Services	535,084	681,838	615,164	66,674
Contractual Services	41,548	255,924	51,000	204,924
Commodities	441,813	444,346	376,100	68,246
	<u>1,018,445</u>	<u>1,382,108</u>	<u>1,042,264</u>	<u>339,844</u>
Sewer Treatment				
Personal Services	211,915	206,258	203,406	2,852
Contractual Services	171,378	225,333	224,500	833
Commodities	56,542	35,378	65,500	[30,122]
	<u>439,835</u>	<u>466,969</u>	<u>493,406</u>	<u>[26,437]</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Expenditures (Continued)				
Sewer Collections				
Personal Services	\$ 77,234	\$ 9,473	\$ 82,332	\$ [72,859]
Contractual Services	27,384	12,669	29,000	[16,331]
Commodities	18,068	42,226	169,900	[127,674]
Capital Outlay	86,091	-	-	-
	<u>208,777</u>	<u>64,368</u>	<u>281,232</u>	<u>[216,864]</u>
Water/Sewer Administration				
Personal Services	137,668	380,351	286,795	93,556
Contractual Services	391,826	484,526	483,216	1,310
Commodities	8,093	17,854	6,500	11,354
Capital Outlay	32,051	-	-	-
	<u>569,638</u>	<u>882,731</u>	<u>776,511</u>	<u>106,220</u>
Debt Service				
Principal	195,933	-	-	-
	<u>195,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mg Co Sewer District KDHE	8,028	393,961	461,630	[67,669]
Operating Transfers Out	<u>2,529,895</u>	<u>1,758,242</u>	<u>2,120,302</u>	<u>[362,060]</u>
Total Expenditures	<u>6,455,642</u>	<u>6,825,090</u>	<u>\$ 6,904,977</u>	<u>\$ [79,887]</u>
Receipts Over [Under] Expenditures	[758,254]	[1,206,322]		
Unencumbered Cash, Beginning	<u>3,691,980</u>	<u>2,933,726</u>		
Unencumbered Cash, Ending	<u>\$ 2,933,726</u>	<u>\$ 1,727,404</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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for Service				
Trash Collections	\$ 1,201,265	\$ 1,220,762	\$ 1,235,000	\$ [14,238]
Charge Offs and Recoveries	[13,460]	1,674	-	1,674
Other Charges	10,057	-	-	-
Use of Money and Property				
Interest Income	21,426	17,588	14,000	3,588
Other Receipts				-
Miscellaneous	6,111	10,934	85,000	[74,066]
Finance Lease Proceeds	-	395,637	-	395,637
Total Receipts	<u>1,225,399</u>	<u>1,646,595</u>	<u>\$ 1,334,000</u>	<u>\$ 312,595</u>
Expenditures				
Collections				
Personal Services	508,218	692,886	\$ 607,920	\$ 84,966
Contractual Services	577,701	441,578	500,243	[58,665]
Commodities	76,791	108,935	93,500	15,435
Capital Outlay	12,894	395,667	80,000	315,667
Finance Lease Payment	42,348	42,348	162,349	[120,001]
Operating Transfers Out	135,850	137,940	137,940	-
Adjustment for Qualifying Budget Credits	-	-	395,637	[395,637]
Total Expenditures	<u>1,353,802</u>	<u>1,819,354</u>	<u>\$ 1,977,589</u>	<u>\$ [158,235]</u>
Receipts Over [Under] Expenditures	[128,403]	[172,759]		
Unencumbered Cash, Beginning	<u>530,356</u>	<u>401,953</u>		
Unencumbered Cash, Ending	<u>\$ 401,953</u>	<u>\$ 229,194</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, 2024

	<u>Actual</u>
Receipts	
Charges for Service	
Sewer Charges	\$ 8,362
Use of Money and Property	
Interest Income	<u>13,112</u>
Total Receipts	<u>21,474</u>
Expenditures	
Public Works	
Commodities	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	21,474
Unencumbered Cash, Beginning	<u>290,040</u>
Unencumbered Cash, Ending	<u>\$ 311,514</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, 2024

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds	\$ 14,995	\$ 54,705	\$ 31,920	\$ 37,780
Alcohol Assessment	3,820	-	-	3,820
First Aid Training	<u>1,828</u>	<u>427</u>	<u>1,094</u>	<u>1,161</u>
Total Agency Funds	<u>\$ 20,643</u>	<u>\$ 55,132</u>	<u>\$ 33,014</u>	<u>\$ 42,761</u>

See independent auditor's report on the financial statements.

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, 2024

	<u>Actual</u>
Receipts	
Charges for Services	
Rents	\$ 627,708
Use of Money and Property	
Interest Income	230,633
Intergovernmental	
HAP Payments	454,424
Federal Grants	133,311
Operations	
Security Deposits	8,460
Other Receipts	
Miscellaneous	106,532
Reimbursed Expense	<u>2,534</u>
Total Receipts	<u>1,563,602</u>
Expenditures	
Personal Services	526,513
Contractual Services	639,591
Commodities	73,564
Capital Outlay	<u>1,570,928</u>
Total Expenditures	<u>2,810,596</u>
Receipts Over [Under] Expenditures	[1,246,994]
Unencumbered Cash, Beginning	<u>5,319,429</u>
Unencumbered Cash, Ending	<u>\$ 4,072,435</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, 2024

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds	\$ 14,995	\$ 54,705	\$ 31,920	\$ 37,780
Alcohol Assessment	3,820	-	-	3,820
First Aid Training	<u>1,828</u>	<u>427</u>	<u>1,094</u>	<u>1,161</u>
Total Agency Funds	<u>\$ 20,643</u>	<u>\$ 55,132</u>	<u>\$ 33,014</u>	<u>\$ 42,761</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, 2024

	<u>Actual</u>
Receipts	
Charges for Services	
Rents	\$ 627,708
Use of Money and Property	
Interest Income	230,633
Intergovernmental	
HAP Payments	454,424
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Total Expenditures	<u>2,810,596</u>
Receipts Over [Under] Expenditures	[1,246,994]
Unencumbered Cash, Beginning	<u>5,319,429</u>
Unencumbered Cash, Ending	<u>\$ 4,072,435</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, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	<u>Expenditures</u>
<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>464,902</u>
Total U.S. Department of the Treasury		<u>464,902</u>
<u>U.S. Department of the Interior</u>		
Passed Through Kansas Department of Wildlife and Parks:		
Outdoor Recreation Acquisition, Development and Planning	15.916	<u>2,687,504</u>
Total U.S. Department of the Homeland Security		<u>2,687,504</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>212,001</u>
Total U.S. Department of the Transportation		<u>212,001</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grants	14.228	358,164
Passed Through Kansas Department of Commerce:		
Community Development Block Grants	14.228	2,000
Passed Through Kansas Housing Resources Corporation:		
Home Investment Partnerships Program	14.239	<u>102,708</u>
Total U.S. Department of Housing and Urban Development		<u>462,872</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,827,279</u></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, 2024

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, 2024.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2024.

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, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified (Regulatory Basis)
Adverse (GAAP)

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued
on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a)
of Uniform Guidance?

_____ Yes X No

Identification of major programs:

ALN Number(s)

Name of Federal Program or Cluster

15.916

Outdoor Recreation Acquisition, Development and Planning

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, 2024

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, 2024

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, 2024, 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 10, 2025.

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 10, 2025

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, 2024. 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, 2024.

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, 2024, and have issued our report thereon dated July 10, 2025, 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 10, 2025